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Final Edition THURSDAY In 2 Sections — Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 155 Number 4050 New York, N. Y., Thursday, February 26, 1942 Price 60 Cents a Copy

SEC Rules Securities Registrations Are Subject To Wartime Restrictions

Rules affecting the registration of securities in wartime have been adopted by the Securities and Exchange Commission, these rules providing "for the omission or confidential treatment of any information, the publication of which is inconsistent with the standards of the Code of Wartime Practices promulgated by the Office of Censorship." "Such rules," says the Commission in its announcement, issued Feb. 19, "are applicable to all filings under the Securities Exchange Act of 1934 and the Public Utility Holding Company Act of 1935." In making known its action the Commission says:

> Procedure has been established whereby the Commission, in cooperation with the Office of Censorship, will upon request render advance, informal opinions in cases where issures, underwriters, or other persons are in doubt as to the extent to which, or the manner in which, particular information may be disclosed in a registration statement, prospectus, report, or other document.
>
> The results of a survey of material filed during the past year under the various statutes indicate that little information of a "military secret" nature is contained in the public files of the Commission. It is apparent from the survey that appropriate generalization or grouping of certain detailed information is practicable, would provide protection for investors and would avoid any disclosure contrary to the Code. In future filings, if any such generalization or grouping should not in a particular case be practicable, the new rules will authorize omission or confidential treatment of the material deemed to violate the Code. It should be noted in this connection that since June 26, 1936, Rule 581 under the Securities Act of 1933 has provided for the omission or confidential treatment of contracts affecting the National Defense. This rule was recently broadened to include contracts relating to the military forces of allies of the United States as well as those of the United States.
>
> The general type of information which the Office of Censorship in the Code of Wartime Practices deems adversely to affect the war program and which thus, under the Commission's new rules, is to be omitted or treated confidentially in any filings under the three statutes mentioned above, is summarized as follows:
>
> (1) The number, size, character, and location of ships in construction, or advance information as to the date of launchings or commissionings; or the physical set-up or technical details of shipyards.
>
> (2) Specific information about war contracts, such as the exact type of production, production schedules, dates of delivery, or progress of production; estimated supplies of strategic and critical material available; or nation-wide "round-ups" of locally published procurement data except when such composite information is officially approved for publication.
>
> (3) Specific information about the location of, or other information about, sites and factories already in existence, which would aid saboteurs in gaining access to them; information other than that readily gained through observation by the general public, disclosing the location of sites and factories yet to be established, or the nature of their production.
>
> (4) Any information about new or secret military designs, or new factory designs for war production.

The following is the full text of the Commission's announcement relative to its action:

I

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by

(Continued on Page 844)

OUR REPORTER'S REPORT

The major complaint in investment quarters, currently, is the dearth of interest in the buying side of the market, a condition which naturally tends to discourage new undertakings by corporations with financing or refinancing in mind.

It is not a case of the seasoned market actually having weakened perceptibly, as far as outstanding bonds are concerned. Rather quite the opposite condition has prevailed.

Measured by generally accepted barometers, it develops that high-grade public utility bonds, in which the bulk of interest has centered in recent years, have eased an average of only about a point, or the equivalent of .05% in yield basis, since Jan. 1, last.

While investors, particularly institutions, have been inclined to hold off from additions to their portfolios, they have not, on the other hand, shown any disposition to lighten such holdings in a manner that would reflect in volume sales.

The market, according to traders who are in daily contact with it, is still an "order market" to use their phraseology. That is, the situation is one in which it is found that resting orders to buy have been sufficient to absorb such offerings as have made their appearance in utility loans carrying rating of BAA or higher.

What Averages Show

What has taken place since the turn of the year is revealed best, perhaps, by a look at the averages maintained by Moody's Investors Service.

Here it develops that Triple A utilities have moved down

(Continued on Page 839)

SEC Report Sees Growing Importance Of Secondary Distribution Of Exchange Stocks

The Securities and Exchange Commission has made public a report by its Trading and Exchange Division on Secondary Distribution of Exchange Stocks. The report is the second of a series of studies on current problems facing the nation's securities markets. The first study of this series, released in November, 1940, analyzed the problem of "multiple trading" on securities exchanges.

The Commission's release bearing on the report deals with the studies and analysis of the functions of secondary offerings, but the report itself appears to indicate the growing importance of secondary distributions. Stating that according to the Commission secondary distribution of stocks has come to stay, the "Wall Street Journal" in advices from the Washington bureau on Feb. 19 had the following to say:

> A study by the SEC's trading and exchange division showed that secondary distributions have been growing in a period during which exchange volumes have dropped off markedly. There are no indications, the study comments, that the growth will not continue.
>
> The voluminous data gathered on the subject by the SEC show that common stocks, particularly the better known issues, were more than proportionately represented among New York Stock Exchange issues in secondary distributions during recent months.
>
> Besides occurring more frequently, distributions have taken place increasingly, in better known stocks. In 1940, the average exchange volume of the distributed issues exceeded the average volume on the New York Stock Exchange.
>
> The profits accruing to members from participation in secondary distributions far exceed their profits from handling a a like amount of brokerage business on the Exchange, the SEC report finds.
>
> As an instance of the growing importance of secondary distributions, the New York Stock Exchange has recently adopted a plan, approved for temporary trial by the SEC, for "special offerings." The plan permits large blocks of stock to use exchange facilities, with special price concessions to dealers, when such blocks are not readily marketable on the floor through the auction market at a reasonable price.
>
> The rising tide of secondary offerings has not been due simply to a decline in the ability of exchanges to absorb large blocks of stock, the Commission report states. Appreciable increases in income taxes in the middle 30's probably contributed to the liquidation of blocks of securities as holders sought to establish tax losses which would offset capital gains, the SEC said.
>
> Inheritance taxes also were raised materially in the same period, inducing the liquidation of larger portions of estates' assets and persuading many wealthy men to maintain larger

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Calls Proposed Change In Profits Tax Defective, Inequitable, Working Hardship On Stockholders

In a detailed 8-page study of the proposed change in the Excess Profits Tax, A. M. Clifford, of A. M. Clifford and Associates, investment counselors, 639 South Spring Street, Los Angeles, Calif., calls the proposed change fundamentally defective and inequitable adding that it would work an unwarranted hardship upon owners of many common stocks of choicest investment quality. Mr. Clifford states that his attitude is "not an endeavor to evade taxation. The emergency demands that good citizens should be willing to pay heavy taxes; but they are within their rights to insist upon an equitable levy of taxes, and that their money be wisely spent."

In conclusion, Mr. Clifford states: "From a critical examination of this problem, and from my 37 years of experience in the field of investment finance, I am of the opinion that it would be a serious mistake to employ invested capital as the sole basis for determining the Excess Profits Tax. My major reasons may be epitomized as follows:

"1. It implies that the amount of invested capital determines the resulting profits; this is not true in fact.

"2. It infers that all invested capital is entitled to the same per centage of profit regardless of the 'risks' involved; this is contrary to sound principle, as the hazards of various industries differ widely.

"3. It fails to differentiate between results obtained from good management, intensive research, well directed effort and initiative on the one hand, and a lack of those qualifications on the other hand. It penalizes efficiency with undue severity.

"4. It would work a hardship, if not an injustice, upon investors, including educational institutions, insurance companies, etc., who are bona fide holders of common stocks bought upon the long established and sound principle that investment value rests more upon future expectancy of earning capiacity and income than upon invested capital.

"5. It would probably flood our courts with highly controversial problems, as the question of what constitutes true invested capital is exceedingly complex and very difficult both to determine and to define.

"6. Both invested capital and average earnings have value as a basis; each protects a particular class from injustice."

Central States Group Of I.B.A. Will Hold Conference In Chicago On "Financing Victory"

First war-time gathering of representatives of the investment securities business will be held in Chicago, March 5 and 6, and the climax of the program will be a forum on "Financing Victory and the Part that the Investment Securities Business Can Play in the Job." Announcement of the program was made by John S. Loomis, President of The Illinois Co. of Chicago, and Chairman of the Central States Group of the Investment Bankers Association of America, under whose auspices the meeting, the Seventh Annual Conference of the Central States Group, is to be held. The "Financing Victory" session will be held on March 6, when the entire afternoon will be devoted to the subject. Officials of the Treasury Department and of the Treasury's Defense Staff from Washington and Chicago are scheduled to participate with representatives of the nation's securities selling business in a thorough discussion of means whereby that business can perform its maximum part in promoting the sales of securities to finance the war. The advices from the Association also state:

Among Washington officials expected for the meeting are George Buffington, Assistant to the Secretary of the Treasury, Eugene W. Sloan, Executive Director, and R. W. Sparks, Field Director, of the Defense Savings Staff. Mr. Buffington was formerly in the securities business in Chicago and is in charge of the Treasury's sale of Tax Savings Notes. Another former Chicago investment banker to take part will be T. Jerrold Bryce, a dollar-a-year man with the Defense Savings Staff in Washington on leave of absence from his present firm, Clark, Dodge & Co., of New York. In addition, Norman B. Collins, State Administrator, and John G. Gallaher, Deputy State Administrator, of the Defense Savings Staff in Illinois, will participate.

An attendance big enough to raise the meeting to the status of a small convention of investment bankers is anticipated. wide interest in the special forum on war financing is one factor in swelling the numbers. Furtherfore, two other meetings have been timed to bring additional investment bankers to Chicago earlier in the same week. These meetings, also announced on Feb. 24, by John S. Fleek of Cleveland, President of the Investment Bankers Association of America, are the regular winter meetings of the Association's Board of Governors to be held here March 4, and a meeting on March 3 of the Public Information Committee which directs the Association's national public relations program.

The Conference of the Central States Group, seventh of an annual series, has itself been attracting increasing numbers of bankers each year from outside the territory of the Group, which includes all of Illinois, Indiana, Wisconsin, Iowa and Nebraska. With its special features this year, its sponsors expect the meeting to become national in scope with an especially strong representation from New York and other eastern city underwriting firms.

Forums and discussion sessions will fill the entire program for the meeting except for the opening luncheon on Thursday, March 5, when W. A. Patterson, President of the United Air Lines, will speak on the air transportation during and following the war. On Thursday afternoon there will be a forum for the discussion of the securities business under present conditions, conducted by Jay N. Whipple of Bacon, Whipple & Co., Chicago, a Vice-President of the IBA and Chairman of its Education Committee. At a forum on municipal finance on Friday morning, March 6, conducted by Bruce H. DeSwarte of the Continental Illinois National Bank & Trust Co., Chairman of the Municipal Securities Committee of the Central States Group, the currently live question of taxing the income from municipal securities will be discussed. Austin J. Tobin, assistant general counsel of the Port of New York Authority and Secretary of the Conference on State Defense, will speak at that forum.

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James M. Fox To Be Robertson Co. Partner

James M. Fox, member of the New York Stock Exchange, will shortly become a partner in Robertson & Co., 40 Wall Street, New York City, members of the Stock Exchange. Mr. Fox has recently been in business as an individual floor broker; prior thereto he was a partner in Sweetser & Co. and Hulburd, Warren & Chandler.

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Herbert D. Seibert,
Editor and Publisher
Frederick W. Jones, Managing Editor
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Thursday, February 26, 1942

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Tuesday]

Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

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Reentered as second-class matter September 12, 1941, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.

Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

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Purcell To Address N. Y. Dealers Dinner

The New York Security Dealers Association announces that the Hon. Ganson Purcell, Chairman Securities & Exchange Commission will be the Guest Speaker at their Annual Dinner to be held on March 26, in the Grand Ballroom of the Waldorf-Astoria.

As reservations are rapidly being received, the Association suggests that anyone who desires to attend the Dinner communicate with the office at 42 Broadway, DI 4-1650.

Suitable entertainment will follow the Dinner. Subscription $7.50 per person (tax included). Dinner jacket.

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Newborg & Co., 80 Broad Street, New York City, Members New York Stock Exchange and other national Exchanges announce that W. L. Ertinger, formerly a partner in the firm of W. L. Ertinger & Co., has become associated with them.

Cleveland Bond Club Annual Winter Dinner

CLEVELAND, OHIO — The Bond Club of Cleveland announces that its annual winter party will be held on March 4th at the University Club of Cleveland. Dinner and a hockey game, free to members, will be features of the party.

McQuoid In Hollywood

(Special to The Financial Chronicle)

HOLLYWOOD, CALIF.—Frank McQuoid has opened offices in the Guaranty Building to engage in a securities business. In the past he was an officer of Industrial Investment Corporation and did business as an individual dealer.

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NASD Committees And Chairmen Announced

Formation of the District Committees of the National Association of Securities Dealers, Inc., and the election of chairmen and other officers for 1942 have been completed. Members of the committees and their chairmen who will serve until January, 1943, are:

District No. 1 (Idaho, Oregon and Washington)—Richard H. Martin, Ferris & Hardgrove, Portland, Ore., Chairman; Archibald W. Talbot, Hartley Rogers & Co., Seattle, Wash., Vice-Chairman; Beardslee B. Merrill, Richards & Blum, Inc., Spokane, Wash., Secretary; Frank A. Bosch, Warrens, Bosch & Floan, Portland, Ore.; Waldo Hemphill, Waldo Hemphill & Co., Seattle, Wash.; George R. Yancey, Murphey, Favre & Co., Spokane, Wash.

District No. 2 (California)—North—(San Francisco): Roy L. Shurtleff, Chairman, Blyth & Co., Inc.; H. R. Baker, H. R. Baker & Co.; Spencer Brush, Brush, Slocumb & Co.; Thomas M. Hess, Gibbons & Hess; Norman D. Weeden, Weeden & Co.; South (Los Angeles): Ralph E. Phillips, Vice-Chairman, Dean Witter & Co.; Warren H. Crowell, Crowell, Weedon & Co.; Colis Mitchum, Mitchum, Tully & Co.; Donald O'Melveny, O'Melveny - Wagenseller & Durst; Charles F. Sill, Nelson Douglass & Co.; A. S. Van Denburgh, Jr., Van Denburgh & Bruce, Inc.

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Eyre To Be Partner In Delafield Firm

Beverley M. Eyre will shortly be admitted to partnership in the New York Stock Exchange firm of Delafield & Delafield, 14 Wall Street, New York City. Mr. Eyre will act as alternate for Benjamin V. Harrison, Jr. on the floor of the Exchange under section 15 article IX of the Exchange's constitution. Mr. Eyre in the past was an individual floor broker, and prior thereto was a partner in Hubbard Bros. & Co. and Berg, Eyre & Kerr.

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DIVIDEND NOTICES

Allied Chemical & Dye Corporation
61 Broadway, New York

February 24, 1942

Allied Chemical & Dye Corporation has declared quarterly dividend No. 84 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable March 20, 1942, to common stockholders of record at the close of business March 6, 1942.

W. C. KING, *Secretary*

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY
Dividend No. 39.

A dividend of twenty-five cents ($0.25) per share will be paid on March 13, 1942, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business February 28, 1942. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

A. D. NICHOLAS, Secretary.
Boston, February 18, 1942.

DU PONT

E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *February 16, 1942*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable April 25, 1942, to stockholders of record at the close of business on April 10, 1942; also $1.25 a share, as the first "interim" dividend for 1942, on the outstanding Common Stock, payable March 14, 1942, to stockholders of record at the close of business on February 24, 1942.

W. F. RASKOB, *Secretary*

Electric Power & Light Corporation
Dividends on
$6 Preferred Stock & $7 Preferred Stock

At a meeting of the Board of Directors of Electric Power & Light Corporation held on February 24, 1942, a dividend of 30 Cents per share was declared on the $6 Preferred Stock and 35 Cents per share on the $7 Preferred Stock of the Corporation for payment April 1, 1942, to stockholders of record at the close of business March 6, 1942.

E. H. DIXON, Treasurer.

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable March 31, 1942, to stockholders of record at the close of business on March 10, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, February 20, 1942.

HOLLANDER DYED FURS

A. HOLLANDER & SON, INC.
Common Dividend

A dividend of 25c per share on the Common Stock has been declared, payable March 14, 1942, to stockholders of record at the close of business on March 4, 1942.

Checks will be mailed.

ALBERT J. FELDMAN, Sec.
Newark, N. J.
February 20, 1942.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of fifty cents (50c) per share on the common stock payable April 15, 1942 to all holders of record at the close of business on March 20, 1942.

SANFORD B. WHITE, Secretary.

JM

Johns-Manville
Corporation
DIVIDEND

The Board of Directors declared a regular quarterly dividend of $1.75 per share on the Cumulative 7% Preferred Stock, payable April 1, 1942, to holders of record on March 17, 1942, and a dividend of 75c per share on the Common Stock, payable March 24, 1942 to holders of record on March 10, 1942.

J. L. PICHETTO, *Assistant Treasurer*

KANSAS CITY POWER & LIGHT COMPANY

First Preferred, Series B, Dividend No. 61
Kansas City, Missouri. February 18, 1942.

The regular quarterly dividend of $1.50 per share on the First Preferred, Series "B," Stock of the Kansas City Power & Light Company has been declared payable April 1, 1942, to stockholders of record at the close of business March 14, 1942.

All persons holding stock of the company are requested to transfer on or before March 14, 1942, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, Assistant Secretary.

DIVIDEND ON COMMON STOCK

The directors of Philco Corporation have declared a dividend of twenty-five cents ($.25) per share on the outstanding common stock, payable on March 12th, 1942, to stockholders of record on February 28th, 1942.

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DIVIDEND NOTICES

OFFICE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
CHICAGO ILLINOIS

The Board of Directors of Louisville Gas and Electric Company (Delaware), at a meeting held on February 17, 1942, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company, for the quarter ending February 28, 1942, payable by check March 25, 1942, to stockholders of record as of the close of business February 28, 1942.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending February 28, 1942, payable by check April 28, 1942, to stockholders of record as of the close of business February 28, 1942.

G. W. KNOUREK, Treasurer.

UNION CARBIDE AND CARBON CORPORATION

UCC

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable April 1, 1942, to stockholders of record at the close of business March 12, 1942.

ROBERT W. WHITE, Vice-Pres. & Treas.

AMERICAN POWER & LIGHT CO.
Two Rector Street, New York, N. Y.
PREFERRED STOCK DIVIDENDS

A dividend of $.75 per share on the Preferred Stock ($6) and a dividend of $.62½ per share on the $5 Preferred Stock of American Power & Light Company were declared on February 25, 1942 for payment April 1, 1942, to stockholders of record at the close of business March 10, 1942. These amounts are one-half of the quarterly dividend rates of $1.50 per share on the Preferred Stock ($6) and $1.25 per share on the $5 Preferred Stock.

D. W. JACK, Secretary and Treasurer.

CANCO

AMERICAN CAN COMPANY
PREFERRED STOCK

On January 27th, 1942, a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable April 1st, 1942, to Stockholders of record at the close of business March 16th, 1942. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

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THE Board of Directors has this day declared the following dividends:

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable April 1, 1942 to holders of record at the close of business March 17, 1942.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable April 1, 1942 to holders of record at the close of business March 17, 1942.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable April 1, 1942 to holders of record at the close of business March 17, 1942.

COMMON STOCK

A dividend of 50¢ per share, payable March 31, 1942 to holders of record at the close of business March 17, 1942.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

February 25, 1942

UTILITY PREFERREDS

JACKSON & CURTIS

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Franklyn D. Webb** has become associated with **Irwin S. Spellman Co.,** 25 Broad Street, where he will specialize in railroad issues. In the **D. Webb** has become associated with Townsend, Graff & Naumburg.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Charles H. Lawrence, 3rd,** and **Philip F. Hogan** have become connected with **Preston, Moss & Co.,** 24 Federal Street. Mr. Lawrence was previously with Hayden, Stone & Co.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Edmund J. Burke** has become connected with **Edward Herlihy & Co.,** 53 State St. In the past Mr. Burke was with H. M. Jenness & Co., Inc.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Arnold J. Muth** has been added to the staff of **Trust Funds, Inc.,** 89 Broad Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Frank C. Harmon** and **E. J. Milne** have joined the staff of **Conrad, Bruce & Co.,** 530 West Sixth St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Adam Hemmes** and **Ezra Albert Stewart** have become associated with **Fairman & Co.,** 650 South Spring St. Mr. Hemmes was formerly with Fox, Castera & Co., Schramm, Edels & Co., and in the past was manager of the trading department for the Metropolitan Securities Co. Mr. Stewart was with Reagan, Carr & Gaze.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—**Clayton O. Lichtenstein** has become affiliated with **J. S. Bache & Co.,** Chamber of Commerce Building. Mr. Lichtenstein was formerly with Merill Lynch, Pierce, Fenner & Beane and Fenner & Beane for many years; prior thereto he was with Clark, Childs & Keech.

(Special to The Financial Chronicle)

PORTLAND, ME.—**William M. MacLeod,** previously with Williams & Southgate, is now associated with Graham, Parsons & Co., 10 Post Office Square, Boston, Mass.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**John A. Ferguson,** formerly in the Retail Department of Jay Gittelsohn & Co., is now affiliated with J. Barth & Co., 482 California St.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**Robert L. Sheppard** has become associated with **Grande & Co., Inc.,** Hoge Building. Mr. Sheppard was formerly for a number of years with Ferris & Hardgrove and prior thereto was an associate of Earl F. Townsend Co.

UGI

The current quarterly dividend of $1.25 a share on $5 Dividend Preferred Stock and a **dividend of 15 cents** a share on Common Stock have been declared, payable March 31, 1942, to respective holders of record February 27, 1942.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS Treasurer
January 27, 1942 Philadelphia, Pa.

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable April 1, 1942, to stockholders of record at the close of business on March 16, 1942. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, Secretary.

Wilson In Bond Dept. Of Newburger, Loeb

Newburger, Loeb & Co., 40 Wall Street, New York City, members New York Stock Exchange and other leading exchanges, announce that Alfred G. Wilson is now associated with them in their municipal bond department. Mr. Wilson was formerly manager of the New York municipal department for Gremmel & Co. and prior thereto he was with Schlater, Noyes & Gardner and was manager of the municipal bond department for Bennett Brothers & Johnson.

RR Earnings High

Strauss Bros., 32 Broadway, New York City, have just issued a most interesting bulletin entitled "Railroads to Maintain High Earnings," copies of which may be had from the firm upon request. The Bulletin contains many interesting facts which should be of assistance in retailing railroad bonds.

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Seaboard RR. Interesting

L. H. Rothchild & Co., 11 Wall Street, New York City, specialists in rail securities have prepared a special circular on Seaboard divisionals and leased lines, which may be had from the firm upon request. It is understood, according to L. H. Rothchild & Co., that hearings on Seaboard will start in New York on March 3rd.

Tomorrow's Markets Walter Whyte Says—

Big news of the week was President's speech; status of India; Anglo-American trade alliance. Market still indicates slightly higher prices. Raise stops on present holdings.

By WALTER WHYTE

It seems that one week is hardly finished before another one rolls around. If only the market moved as fast as the week, I might have some new advice to offer. But the market, being what it is, there is little to add in the line of what to buy, sell or anything else.

* * *

As this is being written, the popular averages, as if to confound everybody, after making new lows last week, stopped going down and went up. True, this business of "going up" was not spectacular. Still, the lack of pyrotechnics doesn't detract from the comfort one gets in seeing prices up from the lows of last week.

* * *

The week just passed, has brought a number of important news developments. There was the President's speech, the decision of the British to give India either home or Dominion status, the Russian victory, and last but by no means least, the freer trade pact signed by us and the British. The last has important implications. Unfortunately they cannot be realized until after the war. Anyway, its market significance can't be gauged until the last shot is fired. And as that is still some time off there is little point in discussing it now.

* * *

About the President's speech you know as much about it as this column. It was a good speech, and if it served no other purpose, it may stop the whispers we all hear.

* * *

The ironical part of these whispers and rumors is, that they seem to come from people, including legislative leaders, who before Pearl Harbor were busy telling us that there was nothing to worry about. Today these men are busy telling us how the war is to be fought.

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BASIC TREND DOWN?

EQUALIZATION

an improved theory of market trends—spots (a) basic trends; (b) secondary trends; (c) distribution.

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* * *

The news that India is to get colonial independence, though still in the discussion stage, is big news. If it isn't too late, India may still fight on the side of the United Nations. If you don't think that is a revolutionary departure in British colonial policy, remember that in Malaya it was the Imperial troops who fought the Japs. The native Malayans were not permitted to have arms.

* * *

One of the chief reasons why General MacArthur has been able to make the splendid stand that he has, was because Filipinos had been organized into an army years ago. They have been encouraged to fight, not for the white man, but for themselves. A condition which the British have until now refused to permit.

* * *

With India armed and fighting on the side of the Allies, the situation may well prove the turning point in the whole war.

* * *

Of course, none of this can be reflected marketwise for some time. Still, it's important to see it happen, for it certainly has, or will have, an effect on the basic market and economic trend.

* * *

Meanwhile the current market gives little clue to the next important move, though for minor trends the outlook is for slightly higher prices. But in no case do these indications show more than another two or three points addition to recent gains. I may be wrong. I have been wrong before, but I think that before we are many days older,

(Continued on Page 844)

SEC Simplifies Filings

To simplify further the filing of stabilizing reports, the Securities and Exchange Commission adopted an amendment to Rule X-17A-2 under the Securities Exchange Act of 1934, eliminating the necessity of filing reports in triplicate and making it unnecessary, in most cases, for a stabilizer to file a report for any day on which his transactions are confined to retail sales of the offered security at the fixed public offering price. Certain other minor changes were made in the rule for clarification. The instructions for Form X-17A-1 were also revised to conform to the amendment to the rule.

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

Since the Circuit Court decision upholding the Chicago & North Western reorganization plan, handed down Feb. 9, there has been a sharp increase in speculative interest in the entire reorganization railroad group. This section of the list had been under a cloud since Dec. 4 when an adverse decision by the same court in the "St Paul" case had cast doubts on the whole reorganization picture under Section 77 of the Bankruptcy Act. Speculators and investors began to raise the question of whether the "St. Paul" decision might not foredoom all other pending proceedings to a further period of interminable delay. Thereafter, buying became highly selective, based largely on earnings trends and interest potentialities rather than on hopes of favorable reorganization progress. The "North Western" decision has resulted in a broadening of interest, and a renewed combing of the list for an appraisal of reorganization timing.

Aside from "North Western," which was the direct beneficiary of the most recent Circuit Court decision and where the new "when-issued" securities have attracted a large speculative following throughout the country, there has been increased buying of such securities as "Rock Island," Denver & Rio Grande Western and Seaboard Air Line. In particular, it has been pointed out that "Rock Island" may be next of the pending cases to reach the status of "when-issued" trading in new securities. Delay by the District Court in handing down a decision is being interpreted bullishly, and it is considered that the "North Western" decision lessons the likelihood of rejection of the "Rock Island" plan by the lower court.

It will be remembered that in the "St. Paul" case the Circuit Court of Appeals held that the failure of the Interstate Commerce Commission to make specific findings of value made it impossible to arrive at any judicial conclusions as to the fairness of the treatment proposed for various creditor groups. Following this decision, the lower court sitting in the "Rock Island" case requested interested parties to file statements by Dec. 31, showing cause why the "Rock Island" reorganization should not be remanded on similar grounds. It was then proposed that the issue might be met, and the delays incident to a return of the whole proceedings to the ICC might be avoided, if the Commission could file a supplementary report embodying the necessary valuation data. Since then nothing has transpired although almost two months has passed. Now that the higher court has given its approval to the "North Western" reorganization, even in the absence of full valuation data, it is believed in many quarters that the case for approving the "Rock Island" reorganization has been strengthened immeasurably.

Whether this will prove wishful thinking remains to be seen. One thing does seem apparent, however, and that is that the "North Western" decision, while wholly constructive to the reorganization picture, may not be accepted as a final answer to all of the legal problems. There is little question but that the decision will be appealed to the Supreme Court and it is hoped that that tribunal will consent to review it. Such a review would probably delay actual delivery of new "North Western" securities until the second quarter of 1943, but, in conjunction with a review of the "St. Paul" decision, would finally set up a precedent to guide all other reorganizations under Section 77 of the Bankruptcy Act. Some such clarification is vitally necessary.

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(When Issued)

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For those of you who have not already received our circular on

SEABOARD RAILROAD
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We believe it is now more timely than ever. We understand hearings will start in New York on March 3rd.

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There appear to be some discrepancies in the "St. Paul" and "North Western" decisions even though both were handed down by the same court and the opinions written by the same judge. For one thing, in the "St. Paul" decision, reorganization rules laid down by the Supreme Court in the Consolidated Rock Products case were accepted as a precedent. Nevertheless, in finding the "North Western" reorganization fair and equitable, the court finds that "* * * * different facts and a different law, under which the reorganization of railroads is authorized, distinguish this case from the Consolidated Rock Products case." The "North Western" decision upheld the reorganization plan mainly on the basis that it had the overwhelming support of security holders voting in all but one class which represented a small divisional lien. While such action may be in accord with the aims of Congress in setting up the bankruptcy procedure, it seems to conflict with the earlier stand of the Circuit Court of Appeals in the "St. Paul" case. In the latter instance it restrained security holders from voting on the terms of the reorganization plan because the plan was being appealed. The whole speculative community will be easier in its mind, and the whole reorganization process will be speeded up when such apparent inconsistencies are finally resolved.

Meanwhile, a watchful eye is being kept on the "Rio Grande" and "New Haven" proceedings, both of which were turned back to the Commission by lower courts. The new "Rio Grande" plan is expected shortly while hearings on the "New Haven" plan were just completed and briefs called for by April 20. It is also hoped that the long awaited Wisconsin Central and Seaboard Air Line reorganizations may be brought out this spring or early summer.

Penington Dead

PHILADELPHIA, PA. — Albin G. Penington, senior partner in Penington, Colket and Wisner, died at the age of 67, at his home in Radnor, Pa. A member of the Philadelphia Stock Exchange, he founded the firm, now Penington, Colket & Wisner, in 1896.

Ralph Moberly Joins Edward D. Jones Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO. — Ralph Moberly has become associated with Edward D. Jones & Co., Boatmen's Bank Building, members of the New York, St. Louis and Chicago Stock Exchanges.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—36⅝, low—14¾, last—36¼.

Forms Soucy & Co.

BOSTON, MASS.—Ernest W. Soucy has formed Soucy & Co., a sole proprietorship, with offices at 80 Federal Street, to conduct a general investment business. Mr. Soucy, a member of the Detroit Stock Exchange, and associate member of the New York Curb, was a member of the dissolved partnership of Soucy & Co.

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L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

Dealers are frequently faced with the question of whether or not to classify bank stocks as "war equities"—that is, stocks which will participate directly in Defense volume.

Although the "pegging" of money rates at artifically low levels by the Government creates the impression that bank stocks are "war orphans," ceilings generally on prices, restrictions on availability of materials and limitation of profits on Government contracts, indicate that industrials face as much, possibly more, regimentation in the interests of the war effort, as the banks. In fact, various factors such as the following would indicate that under wartime conditions bank stocks are probably entitled to classification as "war equities."

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First, there is the factor of essential nature of the business for the war effort. The need for turret lathes, for example, to expand capacity for manufacture of military material is concretely apparent. But of general underlying necessity are the credit facilities provided by the banks for the day to day financing of the war effort, both for Government and for private business. The rapid increase in bank loans, notes the Federal Reserve Bulletin, began shortly after the launching of the defense program in the summer of 1940 and appears to represent in considerable part demand for bank credit by producers and suppliers of war goods. A survey by the Board of Governors in April, 1941, showed that about 40% of the increase in commercial and industrial loans at city banks from July, 1940 to April, 1941 was directly for defense purposes, and of course the rest of the loan expansion was undoubtedly indirectly stimulated by the defense program.

Despite expectation that the rapid expansion in commercial loans would soon come to a halt in 1942, latest New York figures show commercial loans of $2,710,000,000, representing $111,000,000 expansion in one month to four successive new highs, and totaling $97,000,000 more than the 1941 peak reached last December. Besides the need for bank loans to cover larger payrolls and inventories, industry needs bank credit to tide cash position over payments of heavier taxes. Restrictions on civilian output and allocations of materials would tend to reduce volume of civilian loans, but thus far, this factor has not affected bank loans on balance.

Secondly, the ability to obtain large volume of business in wartime is a characteristic of a "war equity." Banks certainly qualify on this ground, for in addition to obtaining loan volume, banks appear to have available all the volume of Government securities for earning assets that they can carry. The Budget submitted in January, 1942 outlined expected deficits of $19,000,000,000 in the current fiscal year and $42,000,000,000 in the 1943 fiscal year.

Despite new taxes of $7,000,000,000 for 1943 fiscal year, the estimated increase in gross direct Federal debt would be $22,000,000,000 in the current fiscal year and $40,000,000,000 in the 1943 fiscal year. True, all of this increase in debt would not have to be borrowed publicly—Treasury investment of trust funds are estimated at $2,000,000,000 for the 1942 and $2,800,000,000 for the 1943 fiscal year, while increased Social Security intake will be $2,000,000,000 for 1943, and sale of non-marketable issues, such as savings bonds and tax anticipation notes, would further reduce open market financing. Even so, it appears likely that about $20,000,000,000 of the 1943 deficit may have to be raised through commercial banks, compared to Dec. 31, 1941 holdings of $21,800,000,000.

A doubled volume available in Government securities for one year alone certainly would compare with volume outlook of "war industrials." At the least, it would justify ranking banks with those companies having no difficulty under wartime conditions of obtaining all the volume they want.

Thirdly, "selling prices" or rates on this volume are of course low for banks, but the important point is the *spread* between gross and net, rather than gross alone. For 1940, leading New York City banks had an operating ratio of 66c. for every dollar of gross (slightly higher for 1941), which is much better than some industrials are able to show.

Fourthly, banks have a basic advantage over industrials in costs. Interest cost of the "raw material" of banks—deposits—is permanently set by law at very low levels—no interest is permitted at all on demand deposits, and interest on time deposits is restricted to specified maximums by the Board of Governors. Banks have no problem of stocking up on scarce raw material, as they have a plentiful supply of deposits and the Government would see to it that banks have plentiful excess reserves with which to help war financing. There are no problems of priorities. The labor factor in the "finished product" is not subject to unsettling strikes.

Fifthly, the problem of whether to expand capacity to handle increased wartime business but not be over-expanded for post-war volume does not affect the banks, whose "capacity" in the form of available excess reserves is very flexible and readily adjustable to actual needs, and does not represent tying up of capital in fixed assets.

Sixthly, in the matter of taxes, all business would be affected in the event of higher taxes, especially a blanket "recapture" tax of earnings over a specified return on invested capital. Banks, however, by reason of their large invested capital would fare relatively better under such a recapture tax, and their large invested capital also enables them to fare relatively well on excess profits taxes.

Finally, a basic advantage of banks is their diversification of sources of earnings, which makes for greater stability of earning power. Once the desired point of increased capacity is reached, for example, machine tool manufacturers will begin to experience reduction in volume ahead of general business. The Government, on the other hand, will remain a very steady and substantial borrowing customer for the banks, and business loans are well diversified as to industries.

To conclude, therefore, the discrimination against bank stocks by some investors in favor of industrials might perhaps be fully justified on a speculative basis in an unregimented economy, permitting large industrial profits and liberal dividends. However, under present wartime regimentation of prices, materials and profits, this speculative appeal of industrials is seriously affected, especially in the event of a heavy recapture tax. Under such conditions, less spectacular earners such as the banks, which possess qualifications as above for ranking as "war equities," would justify more consideration by investors.

Federal Reserve Board Reports Industrial Activity Up Further In January

Industrial activity rose further in January and the first half of February, reflecting continued sharp advances in output of military products, the Board of Governors of the Federal Reserve System reported on Feb. 21, in its monthly summary of general business and financial conditions in the United States. Retail trade was unusually active and prices, particularly of unregulated commodities, advanced, the Board's summary points out, it adds:

Production

Volume of industrial production increased in January, although usually there is some decline at this season, and the Board's adjusted index rose further to 170% of the 1935-39 average. Continued rapid increases in activity were reported in the machinery and armament industries and production of chemicals likewise rose sharply. Activity at cotton textile mills reached a new high level, following some decline in December. In the meatpacking industry, where activity had risen to record levels in December, there was a further advance in January and output of most other manufactured food products was maintained in large volume for this time of year.

Production of steel and nonferrous metals continued near capacity in January and lumber production, which usually declines at this season, was sustained. In the automobile industry output of passenger cars and light trucks continued at about the December rate; in February, however, production of cars and trucks for civilian use was halted and the plants were shut down for conversion to armament production. Coal production increased in January, following a decline in December when demand was curtailed somewhat by unusually warm weather, and output of crude petroleum was maintained at record levels.

Value of construction contracts awarded in January was some two-fifths below the level of the last quarter of 1941, according to figures of the F. W. Dodge Corp. Declines were reported in all classes of construction; the decrease in residential building being usual at this season.

Total awards in January were slightly larger than last year, but public projects accounted for a much larger proportion of the total than a year ago.

Distribution

In January retail trade was stimulated considerably by widespread anticipatory buying of many products resulting from announcements that distribution of new tires and tubes, new automobiles, and sugar would henceforth be rationed and that the amount of materials available for use in various other goods would be restricted. Sales at department stores, variety stores, and general merchandise stores declined much less than is usual after the Christmas season, while sales of tires and tubes were restricted to essential uses and sales of automobiles seased pending the establishment of a rationing system. In the first half of February department store sales decreased somewhat from the high level reached in mid-January.

Total carloadings of revenue freight, which usually decline in January, showed little change this year and the Board's seasonally adjusted index advanced from 137 to 140% of the 1935-39 average. Loadings of grain and forest products rose to unusually high levels for this time of year and coal shipments also increased, following a decline in December. Shipments of miscellaneous freight, which include most manufactured products, declined less than seasonally.

Commodity Prices

Prices of commodities and services continued to advance sharply in January and the first half of February. The Emergency Price Control Act of 1942 became a law on Jan. 30 and former Federal maximum price schedules — approximately 100 in number—remained in effect under its terms. About one-half of these schedules were issued following the United States' entry into the war. In this period, price controls were extended to a number of finished consumers' goods and covered mainly items for which output for civilian use had been sharply curtailed or prohibited by Federal order. Retail prices of foods and textile products, which are not subject to direct control, showed exceptionally large increases from Dec. 15 to Jan. 15 and, according to preliminary indications, have continued to advance since that time.

Bank Credit

Since the beginning of the year loans and investments at banks in leading cities have increased, reflecting purchases of Government securities by city banks outside New York and increases in commercial loans by banks in New York. Demand deposits and currency in circulation have risen sharply. Member bank reserves have shown little change in recent weeks, and excess reserves have continued close to $3,500,000,000.

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Deposits ______________ £69,921,933
Associated Bank
Williams Deacon's Bank, Ltd.

Australia and New Zealand
BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital ________ £8,780,000
Reserve Fund __________ 6,150,000
Reserve Liability of Prop. 8,780,000
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Aggregate Assets 30th Sept., 1941 _________ £150,939,354
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NASD Committees And Chairmen Announced

(Continued from Page 835)

than K. Parker, Kay, Richards & Company, Chairman; Joseph Buffington, Jr., Young & Co., Inc.; Ernest O. Dorbritz, Moore, Leonard & Lynch; S. Davidson Herron, Mellon Securities Corporation; Robert C. Schmertz, Phillips, Schmertz & Co.; Philadelphia: William K. Barclay, Jr., Stein Bros. & Boyce, Vice-Chairman; John C. Bogan, Jr., Sheridan, Bogan Co.; Robert G. Rowe, Stroud & Company, Incorporated; E. C. Sayers, Smith, Barney & Co.; David S. Soliday, Hopper, Soliday & Co.

District No. 14 (Maine, Massachusetts, New Hampsire, Rhode Island, Vermont)—Lester Watson, Hayden, Stone & Co., Boston, Mass., Chairman; Alvah R. Boynton, F. S. Moseley & Co., Boston, Mass.; Ralph F. Carr, Ralph F. Carr & Co., Boston, Mass.; Albert H. Poland, Miller & George, Providence, R. I.; Roger B. Ray, Portland, Maine; Thomas A. West, Perrin, West & Winslow, Inc., Boston, Mass.; Max O. Whiting, Whiting, Weeks & Stubbs, Inc., Boston, Mass.

Committees for District No. 10 and District No. 13 were previously reported in the "Chronicle" of Jan. 29.

United States Government Security Prices

Prices of United States Government bonds declined somewhat in the first half of February, following little change during the previous month, while prices of short-term securities, which had risen in January, were steady.

Our Reporter's Report

(Continued from first page)

from a 2.71% yield basis at the start of the year to a current level of 2.77%.

Double A bonds have eased from a 2.85% basis to around a 2.92% figure, while single A bonds have experienced even less fluctuation, standing now at a 3.10% basis, against 3.08% on Dec. 31.

The BAA classification moved down from a 3.79% basis to 3.85%, but has since recovered to a 3.82% level.

Taxing Municipal Loans

Followers of municipal securities, who have been experiencing no end of confusion in consequence of the Administration move for taxation of such issues, must have found the views of Senator Prentiss Brown, of Michigan, recently expressed, reassuring.

The Senator, in a letter to Mayor Jeffries, of Detroit, expressed the conviction that it was unlikely the present Congress would enact legislation making such issues subject to tax. As head of the special committee on taxation of Government securities and salaries, he has conferred with various members of Congressional committees having charge of such proposed legislation.

So far as efforts at retroactive taxation are concerned, he quoted from a report by a special committee which had studied the subject and reported:

"We are unanimously opposed to any attempt to tax outstanding bonds of Federal, State or municipal governments, except insofar as they are taxable by their terms or under the law and practice at the time of their original issue."

Union Electric Sale Off

Scarcely unexpected was the announcement by the North American Company, late last week, that it had decided to forego the sale of 2,900,000 shares of Union Electric Company of Missouri common stock.

The proposed sale had been put forward by the big utility holding company as part of its program of divestment necessitated to meet the provisions of the "death sentence" clause of the Public Utility Holding Company Act.

But officials recognized that it would require a much better market than now prevails to assure success of this sale which carries with it control of the Missouri operating utility.

The assumption is general that other utilities, faced with similar situations, will follow the lead of North American Company, thus throwing into the indefinite future much in the way of business which had been looked upon as current prospect before Pearl Harbor.

Straw In the Wind

Absence of bids for the proposed offering of 62,000 shares of preferred stock of the Atlantic City Electric Company, indicates which way the wind is blowing.

A short while ago there were indications that at least four investment groups would be in the market for that issue.

But unsatisfactory market conditions militated against the entering of competitive bids by such syndicates before the time set by company officials had expired on Tuesday.

Pennsylvania Electric

Unless there is a last minute decision to hold up the business for a while, bankers must have their bids for Pennsylvania Electric Company's bonds and preferred stock in the hands of the company by next Monday, March 2.

In this instance the business involves a total of $32,500,000 of 30-year first mortgage bonds, due in 1972, and 34,000 shares of cumulative preferred stock of $100 par value.

Several big groups contemplated seeking these securities, via the competitive bidding route, but it remains to be seen whether, in view of general circumstances, they will go through with their tenders.

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The Securities Salesman's Corner

A LETTER TO STOCKHOLDERS THAT CREATED INTEREST

A company's balance sheet is something that the majority of stockholders look at if they have nothing else to do. There are however, a small minority of people who own stocks that actually take an interest in the affairs of their company. These investors also happen to be the best informed and most succesful buyers of securities. Knowledge seems to be linked with success when it comes to investing and security purchasing.

Realizing that the best prospects any securities dealer could possibly have for potential customers, were people who could be classified as the sort of individuals who might be interested in knowing what might lie behind an annual balance sheet, a certain dealer of our acquaintance made a study of a particular company's balance sheet and built a letter around it which produced a response in interested replies that came almost entirely from the best informed and most substantial investors in the entire list of the company's stockholders.

This is how he did it. First be made a comparison of the various changes in the asset and liabilities columns for the past year and the year previous. For instance he noticed that fixed assets had increased about $500,000. He noticed an increase of cash of about $100,000 but there was also an increase in notes payable of around $400,000. Accounts payable increased another $100,000 and inventories as a compensating factor likewise were up almost $1,000,000. He noted an increase in the reserve for taxes of about $650,000 and also that the company had incurred some long term debt. Other factors of a similar nature were studied and as a result some very interesting questions as to why these changes in the company's financial situation presented themselves.

This dealer then secured a list of the company's stockholders. Then he went to the officers of the company and told them that he had been studying their balance sheet and that he would like to have the answers to certain questions in regard to the change in their financial picture which had come about during the previous year. In this manner he acquired company verification for the facts which he wished to impart later on to those stockholders who might be interested in knowing more about the current position of their company.

He next sent a letter which was written to the stockholders on a "question and answer" basis, something like the following:

Dear Mr. Doe:

You are a stockholder in the XYZ company. There have been some important changes in the company's position since last year.

The latest balance sheet shows an increase in the value of fixed assets in the amount of $500,000? Do you know why? Do you know what these assets happen to consist of?

The company states that it has borrowed on notes (an increase) of over $400,000 during the past year. Likewise a long term debt of $500,000 has been incurred. This places stockholders in a junior position regarding the assets of the company and creates a debt that hithertofore has not existed? Would you like to know why this was done?

In conclusion, the war is having a definite bearing upon the operations of many businesses. What will be the effect on your company?

We have made a study of these and certain other factors pertaining to the XYZ company. If you wish to know the answers to these questions we will be pleased to furnish you with a copy of this special report. Kindly use the reply card which is enclosed for your convenience.

Yours very truly,

The response to this letter was excellent. The type of person who answered was also worthwhile cultivating, for in most cases they represented the sort of individual that took an interest in their investments and likewise owned a fairly substantial portfolio of securities.

The salesmen who answered the replies to this letter were well acquainted with the entire background and history of the company and as a result were able to bring to many new prospective clients a very impressive collection of valuable information.

The idea presented here is interesting because we believe that this dealer was alert and creative minded. He did not wait for business to come to him—he used his statistical department to analyze a company's position—then he had enough initiative to establish a company contact to verify their conclusions—then he had his merchandising and sales department go to work and build some new clients and contacts upon the foundation of a service rendered to those who might best appreciate such valuable information.

It takes ideas to bring in business these days. It's our humble opinion that any firm that can busy itself with creative methods of getting new business is even today, too busy to worry about hard times.

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Investment Trusts

Most elements in the financial field have always thought of themselves purely as part of the financial community. The recent step of the Trustees of the George Putnam Fund in opposing the sale of the Union Electric Co. of Missouri common stock by the parent holding company—the North American Company—helps crystalize a trend away from the old "financial community" attitude.

The investment companies—decried by the SEC as the despoilers of the poor—are now, in a sense, turning around and appearing as the champions of investors everywhere. In 1940 the Massachusetts Investors Trust was largely responsible for halting the proposed Atlas Corp.-Curtiss Wright merger, a consolidation which they believed would not be in the best interests of Curtiss-Wright stockholders. More recently this same investment company led the fight against the Missouri-Pacific reorganization plan—a plan which would place that railroad's securities at a decided disadvantage compared to those of other railways.

The Trustees of the George Putnam Fund have gone somewhat further in that they have opposed a step that was being taken in accordance with the general requirements of the Public Utilities Holding Company Act, as administered by the SEC. Probably most readers are familiar with the North American Company's plan to sell its holdings of Union Electric Co. common stock (North American's largest and most important investment) and use the proceeds to retire the outstanding 3½%, 3¾%, and 4% debentures.

It has long been realized that it would be unjust to existing stockholders of utility holding companies to force the sale of underlying operating properties at bargain prices. Must today's investors be penalized—by the SEC—needlessly? Haven't most of them taken a bad enough beating already?

The George Putnam Fund Trustees opposed the Union Electric Company sale because the price obtainable for the stock in current markets was obviously unfair to North American Company stockholders. They would be selling an asset returning 8 or 9% on its sale value in order to retire a debt costing only 4% at the maximum.

The stand taken by the Trustees of the George Putnam Fund is expressed in the following excerpts from their letter to the SEC:

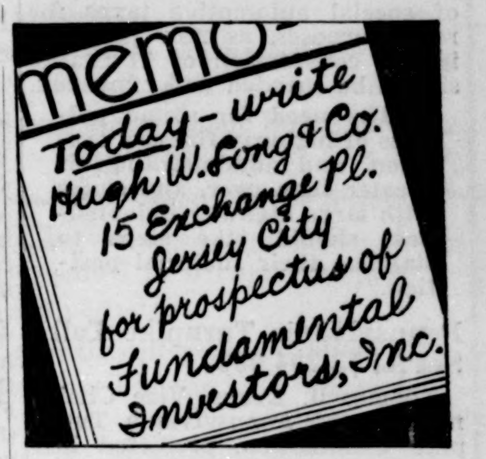
"The Commission is undoubtedly well aware of the prevailing market situation for the common stocks of public utility operating companies. Recent weeks have seen the beginning of a somewhat similar loss of confidence in utility preferred stocks. In our opinion this situation reflects an almost complete loss of investor confidence in public utility equity securities due largely to well-founded fears that the market faces a steady stream of liquidation by holding companies and an unfriendly attitude on the part of regulatory authorities." . . .

"Are the stockholders of the North American Company receiving a fair price for their most important investment when they sell it in today's markets? Is the outlook for the public utility industry so pessimistic that a sound asset returning 8 or 9% should be sold in order to retire 3¾% bonds?

"In our opinion the question of whether or not the North American Company is receiving a fair price for its holdings of the common stock of Union Electric cannot be determined by comparing the proposed price with the price at which similar common stocks are selling in the open market. The problem goes much deeper than this. We believe that the North American stockholders are being forced, without even the right of a vote, to accept an unnecessary hardship by the sale of the company's most important holding under market conditions worse than those prevailing at the depths of the depression. We are also concerned over the effect of such a policy on utility values in general and on the ability of the industry to secure new equity money on a reasonable basis."

There has been some feeling among investment dealers against this move, because they believed that business was hard enough to get anyway and that a nice juicy offering of common stock would mean a little money in the pocket for them. That is just the attitude that has gotten the investment field where it is today. It's only human nature to judge a deal by the way it sells alone rather than in terms of building up general good will. But automobile manu-

(Continued on Page 843)



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Municipal News & Notes

American highway users have contributed $12,000,000,000 in gasoline taxes since that levy was inaugurated in Oregon Feb. 25, just 23 years ago, according to a compilation by the National Highway Users Conference.

Approximately $10,000,000,000 of this total was collected by States, the conference estimated, the rest going to the Federal Government.

The conference reported in part as follows:

"For the first time since its inception, the American gasoline tax finds itself in a war economy. Revenues of the States from this levy, instead of expanding, as in the past, may contract for the duration of the war because of rationing of tires and automotive products. Conservation of tax revenues by the States is needed, and the trend toward dedication of special automotive taxes for road purposes, as now provided in the constitution of 11 States, should be speeded and expanded.

"The need for sound policies of highway finance, taxation, and administration is greater than ever, and states with large highway indebtedness should take steps to stabilize their financial position."

Pennsylvania Turnpike Toll Set At $3,204,000

Thomas J. Evans, Vice Chairman of the Pennsylvania Turnpike Commission, predicted last week the road would earn approximately $3,204,000 in its second year of operation ending next Sept. 30.

This amount, he said, would be about the same as estimated originally by traffic engineers. During its first year the toll road earned $3,000,000.

Evans acknowledged that the switch from peace to war-time industry caused a reduction in truck traffic which supplies a good percentage of the turnpike's revenue. There has been "no alarming change in passenger car travel" so far, he asserted, because the full effect of tire rationing has not been felt.

"We shall have a better conception of this type of travel by July 1," he added.

For those readers who may not be familiar with this most modern super-highway, its facilities may be better appreciated by pointing out that it runs 160 miles between Pittsburgh and Harrisburg, it is wholly free of grade and railroad crossings, cross and pedestrian traffic, stop signs and left turns, has 153 miles of four-lane divided highways, two concrete 12-foot lanes each way with a 10-foot center strip and 10-foot shoulders, and is fenced all the way. Total cost was $70,000,000. Tolls are about 1 cent a mile for passenger cars, more for trucks. Earnings are expected to pay operating costs and amortize the bonds in 15 years.

Revenue Bond Switch Suggested

According to reports, some bond men have been recommending a switch from Triborough Bridge Authority obligations into Port of New York Authority obligations in the light of automobile rationing and restrictions on manufacture of tires for ordinary civilian use. It is argued that resultant reductions in automobile travel will weigh more heavily against income of the Bridge Authority than that of the Port Authority. For one thing, it is pointed out that traffic of the Holland Tunnel and other Port Authority facilities is interstate in character, with trucks accounting for a sizable percentage of the total intake. Trucks and other commercial vehicles account for a comparatively smaller percentage of income in the case of the Bridge Authority.

Congress Against Taxing Outstanding Bonds

Sen. Prentiss M. Brown of Michigan does not think that Congress will pass legislation taxing outstanding municipal issues. This opinion carries considerable weight since Mr. Brown is one of the chief agitators for the elimination of the tax-exempt status of such securities.

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$3,065,000
City of Rochester, New York
1.70% Bonds

Due $1,235,000 February 1, 1948 to 1952, inclusive
Due $1,830,000 March 1, 1943 to 1952, inclusive

Legal Investment, in our opinion, for Savings Banks and Trust Funds in New York State

These Bonds, to be issued for various purposes, in the opinion of counsel will constitute valid and legally binding obligations of the City of Rochester, payable from ad valorem taxes levied against all the taxable property therein without limitation as to rate or amount.

Prices to yield 0.40% to 1.70%

These bonds are offered when, as and if issued and received by us and subject to approval of legality by Messrs. Reed, Hoyt, Washburn & Clay, whose opinion will be furnished upon delivery.

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Dated February 1, 1942 and March 1, 1942. Principal and semi-annual interest, February 1 and August 1, and March 1 and September 1, payable in New York City. Coupon bonds in the denomination of $1,000, registerable as to principal and interest. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

February 26, 1942.

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Mayor Jeffries of Detroit, whose city is contemplating a large refunding operation, requesting an expression from the Michigan Senator on the subject, received this response:

"I have no hesitancy saying it is my present judgment that there is no probability that any measure will pass the present Congress subjecting the income from outstanding State and municipal bonds to taxation under the income tax law."

N. Y. Local Finance Law Considered

The New York State Legislature is expected to approve a proposed local finance law which will establish new regulations for bond issues and other municipal governmental borrowing operations.

The proposed law is "an act in relation to the financial affairs and management of municipalities, school districts and district corporations." It will affect methods of financing by bonds, bond anticipation notes, tax anticipation notes, refunding of bonds, revenue anticipation notes, and other governmental borrowing operations. The proposed law also places limitations on powers to refund bonds, and it proposes to fix a period of "probable usefulness" of the improvement covered by bond issues, so that bonds cannot run beyond that date.

Methods of private and public sales of notes, public sale of bonds, forms of notices, data for notices, and debt statements, also are included in the proposed legislation.

Involved in the proposed legislation are counties, cities, towns, school districts, villages, and special districts such as light, fire, water, and fire protection districts.

Philadelphia Effects Big Saving in Bond Refinancing

The city of Philadelphia will save at least $8,180,000 by refinancing and redeeming its first three callable bond issues ahead of time, according to the Bureau of Municipal Research.

It saved $6,911,000 last October 27 by buying in and partially refunding the first of the callable issues, $8,804,000 in 5¼% bonds issued in 1921 and not maturing until 1971 unless called.

The second batch of bonds, a $9,000,000 issue bearing 4¼% interest, was floated in 1922 and called on Feb. 16th though not due to mature for another 10 years. A $4,543,000 block of these bonds were turned in for others bearing only 2¼% and the remaining $4,457,000 were called for payment. The saving is estimated at $970,000.

The third issue, for $1,050,000 4¼% bonds, due Mar. 16, 1972, and callable at the city's option on Mar. 16, 1942, will be redeemed in its entirety. The savings on redeeming it 30 years before its due date will be about $300,000, said the bureau.

State Supervision of Local Debt Administration

Nearly all 48 states have some provision for overseeing local debt administration, though the extent of control varies from very narrow to wide scope, according to a study by Public Administration Service on state supervision of local finance.

The states are concerned chiefly with making certain bond issues are legal, passing on the form of local debt, and controlling the debt load of the local units in terms of their economic ability to pay back loans.

Some states, the study showed, supervise debts of school districts only, merely checking on the legality of bonds, while others authorize debts of nearly all municipal units, and handle the debt service—payment of interest and principal—directly. In still other states supervision applies only to local borrowing for an emergency or to municipalities in default.

In attempting to keep local government debt on an even keel, various states have either enacted statutes with rigid regulations on debt procedure and forms, including reporting and reviewing of bond issues, or have set up administrative agencies to approve, reject or reduce local bonds and notes.

Among states which check on the legality of local bond issues through laws requiring their registration are Missouri, Nebraska and Texas. Pennsylvania reviews local borrowing in its state department of internal affairs, and Oklahoma, Texas, West Virginia and Wisconsin through the attorney-general.

Many state laws prescribe retirement of bonds in detail. Often, according to the study, they specify use of one kind of bond only and set maturity schedules without regard to the life of the improvement, so that no alternative to meet local conditions is possible.

States which authorize and approve local government bond issues through administrative agencies are Michigan, Kentucky, Indiana, North Carolina and Louisiana.

Those which handle local debt service directly instead of merely supervising it include West Virginia, Kentucky and Florida. The West Virginia State Sinking Fund Commission, about 30 days before local budgets are made, certifies amounts necessary for the municipalities' debt service for the year, and on July 1 the local tax units pay this interest and principal into the fund.

The states maintaining close supervision over local debt service include North Carolina, Michigan and New Jersey. As a result of the New Jersey procedure, under which the state audits local funds, and computes and certifies to the local officials each year the amounts required for debt service, total deficits of nearly $5,000,000 in 1916 had shrunk to $22,605 by 1940, according to the study.

The study, by Dr. Wylie Kilpatrick, finance authority, points out that state provisions for local debt supervision have not been so successful when written into statutes, and suggests that state administrative review agencies, working from indexes of public credit and fiscal aid to measure capacity of communities for debt and tax loads would permit adaptation of standards to individual cases.

Nebraska Now A Public Power Empire

Five years ago, come spring, news leaked out that directors of Nebraska's three PWA - constructed hydroelectric projects were playing with the idea of buying up all the private power companies in the state and make of Nebraska one huge publiciy-owned power monopoly.

Bankers who looked over the situation figured the grandiose project would take between 75 and 100 million dollars.

The general public scoffed: "They'll never do it."

But officials of the hydros kept plugging away. Stymied at every turn, it was over three years before they were able to close their first deal.

From then on the road was not so rocky. New acquisitions followed in quick succession. And now, after five years, the hydros have gobbled up all of Nebraska's larger privately-owned power companies except the biggest of all—the Nebraska Power Company of Omaha.

When an offshoot of the hydro system, the Consumers Public Power District of Nebraska, purchased the western, southern and central Nebraska properties of the Western Public Service Company recently, the public power network was spread into every county of the state except Douglas and Sarpy counties.

Minnesota Liquidating Rural Credit Department

Setting forth in definite steps the progress made in the liquidation of Minnesota's rural credit assets during the last three years, George C. Jones, conservator Rural Credit Department, has just reported to Governor Stassen that the department has effected a net reduction of $9,795,000 in its outstanding funded debt since Jan. 1, 1939, reducing it to $51,195,000 on Jan. 1, 1942.

The department has sold 3,964 farms during the three years, and now has on hand available for sale only 778, including all acquired during the three years. Fully 90% of the farms sold went to local residents who intend to use them for their homes. Sale of the remaining 778 farms will be completed by July 1, Mr. Jones said.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Feb. 26th (Today)

$8,673,000 Louisville Munic. Housing Comm., Ky.

These bonds are being issued to refund two outstanding issues of bonds of the above Commission.

Feb. 27th

$2,000,000 Harris Co., Tex.

Last May the county awarded an issue to a syndicate headed by the First Boston Corporation, whose bid topped that placed by Harriman Ripley & Co., Inc., and associates.

Feb. 28th

$526,000 Monroe, La.

This city has not negotiated any bond sales recently.

$975,000 Sheffield, Ala.

These bonds were originally scheduled for sale on Feb. 12th. Most recent sale of bonds by this city took place in 1937.

March 9th

$650,000 Tarrant Co., Tex.

Last April, the county awarded an issue to a syndicate headed by the Harris Trust & Savings Bank of Chicago, whose bid topped that entered by Rauscher, Pierce & Co. of Dallas, and associates.

March 10th

$1,112,000 Lucas Co., Ohio

A small issue of bonds was awarded last June to Braun, Bosworth & Co., and Ryan, Southerland & Co., both of Toledo, jointly. Second high bid was entered by Stranahan, Harris & Co., Inc., of Toledo.

N. Y. Stock Exchange Weekly Firm Changes

George Douglass Debevoise, general partner in Struthers & Dean, New York City, will become a limited partner as of Feb. 28.

THE BOND SELECTOR

Last week we discussed the seven ratios which were selected by the Bond Portfolio Conferences of the New York State Bankers' Association as yardsticks for the measurement of relative values between various public utility bonds. This week we apply these ratios to two bonds in order to show their value in an actual analytical process.

Briefly summarized, these ratios were:

1. Fixed Charge Coverage. The minimum should be 2.75 times after income taxes.
2. Fixed Debt to Net Property. Representing "asset protection," this ratio as a maximum should be 60%.
3. Net Property to Operating Revenues. Terming this ratio, "asset production" as an indication of the revenue produced per dollar of investment, it was shown that the minimum should be 5 to 1.
4. Depreciation and Maintenance to Operating Revenues. As a measure of adequate allowances for replacement and wear and tear, a minimum of 15% should be charged annually.
5. Income Available for Fixed Charges to Par Value of Funded Debt. In order, in comparing companies with bonds of varying coupon rates, to eliminate this variable, a minimum ratio of 12% was set up.
6. Net Operating Income to Net Property. This so-called "rate of return" should not exceed 7% as a maximum.
7. Net Income to Operating Revenues. Indicating the balance of earnings after fixed charges, this ratio as a minimum should be 19%.

A comparison of two public utility mortgage bonds, using the above prescribed ratios, will tend to show the practical application of these tests. The two bonds selected are Pacific Gas & Electric 1st & Ref. 3½s, 1966, and Public Service Co. of Northern Illinois 1st 3½s, 1968. The Pacific Gas bonds sell at 107¼ to yield 3.09% and are callable at 107½ to June 1, 1945. The Public Service 3½s sell at 109¼ to yield 2.99% and are callable at 106¼ to Oct. 1, 1942—at lower prices thereafter. In the case of the Pacific Gas issue, the market price is below the current call price; in the case of the Public Service bonds, the market price is 3 points above the call price. The accompanying table applies the seven basic tests to both bonds.

In six out of the seven tests, the Pacific Gas & Electric bonds better the performance of the Public Service of Northern Illinois issue. In the first two basic ratios—fixed charge coverage and asset protection—the Pacific Gas 3½s, stand far ahead of the Public Service 3½s. Pacific Gas & Electric shows fixed charges earned 2.82 times for the 12 months ended Sept. 30, 1941, against 1.81 times for Public Service of Northern Illinois in the first nine months of 1941. Whereas funded debt of Pacific Gas represents 46.6% of net plant, compared with the allowable maximum of 60%, the ratio in the case of Public Service is 75.9%.

The maximum figure for the ratio of net property to operating revenues has been set at 5 to 1. In this test, the Public Service bonds lead with a ratio of 3.49 to 1, against 5.59 to 1 for Pacific Gas & Electric. An extremely important ratio, which, as we have seen, ties in closely with fixed charge coverage, is that of depreciation and maintenance to operating revenues. This test reveals that Pacific Gas charged 18.3% compared with 15.3% by Public Service, both having exceeded the minimum requirement of 15%.

As confirmation of the first test—fixed charge coverage, the ratio of income available for fixed charges to par value of funded debt gives Pacific Gas a figure just over the minimum of 12%, while Public Service falls far short with 8.8%. Pacific Gas & Electric earned 5.8% on net plant, against 6.4% in the case of Public Service of Northern Illinois. In the final test, the ratio of net income to gross revenues, Public Service realized only 8.8%, against the minimum requirement of 19%, while Pacific Gas shows 19.3%.

Although, as stated above, these tests are not intended to replace competent analysis, the results of the ratios applied to the Pacific Gas & Electric and Public Service of Northern Illinois 3½s, would tend to indicate that definite advantages lay in switching the latter into the Pacific Gas issue. These advantages include an appreciably better yield, a maturity shorter by two years, a bond selling near its call price instead of three points above, and—if the tests prove anything—a bond of a company with a better operating record and a sounder mortgage.

	Price	Yield	Fixed Chgs. Times Earned	*Fixed Debt to Net Prop.	*Net Prop. to Op. Revs.	*Depr. & Maint. to Op. Revs.	*Inc. Avail. for Fxd. Chgs. to Par Val. of Fd. Debt	*Net Oper. Inc. to Net Prop.	Net Inc. to Op. Rev.
Pacific Gas & Electric 1st & Ref. 3½s, 1966	107¼	3.09	‡2.82	46.6%	5.59 to 1	18.3%	12.6%	5.58%	‡19.3%
Public Service of North. Illinois 1st 3½s, 1968	109¼	2.99	¶1.81	x75.9%	x3.49 to 1	15.6%	8.8%	x6.4%	¶8.8%

*Based on December 31, 1940, balance sheet and/or income account. ‡ 12 months ended September 30, 1941. ¶ Nine months ended September 30, 1941. x Net plant account includes unstated amount of intangibles.

Growing Importance Of Secondary Distribution

(Continued from First Page)

portions of their assets in liquid form. Finally, portfolio changes by investment companies which had become intrenched by the middle 30's as substantial holders of blocks of better-known issues, involved sales of large holdings, according to the report.

British Offerings Factor

At the same time another outside development swelled the number of secondary offerings still further, the Commission study finds. The British Government, in late 1940, commenced to offer large blocks of stock in the American securities markets. The need to establish dollar balances in this country to meet the extraordinary demands of its war-time purchases led Great Britain, shortly after the outbreak of war to sequester the American securities then owned by its nationals.

"After much discussion of various methods of converting these securities into cash, J. P. Morgan & Co., was retained to assist in the liquidation of these assets," the report stated. "Acting in an agency capacity, Morgan proceeded to sell these securities through various channels, one of the most important of which was the secondary distribution technique."

Data available in the SEC findings on the volume of secondary distributions on both the New York Stock Exchange and New York Curb showed that the volume of these British operations dropped appreciably in the second and third quarters of 1941.

Since that time, there has been a growing predominance of insiders, estates and investment companies as the initial sellers of stocks involved in secondary distributions.

From the customer's point of view, the success of these secondary distributions results from the savings in commission as compared with a like purchase on the Exchange, inasmuch as a large block of stock may be obtained at a fixed price. Also, some customers find that they are being offered a type of security infrequently called to their attention, the report points out.

From the investment dealers' and brokers' angles, executives believe that salesmen and customers men make more effective sales efforts per man when the whole of a given organization is concentrating on the sale of the same issue, says the SEC. Dealers and brokers are credited with believing that customers are more likely to purchase, during the course of a secondary distribution, in the knowledge that the stock is being widely bought at the same time throughout the country.

In its release of Feb. 19 the SEC had the following to say regarding the contents of the report on secondary distributions:

> The present report studies the development, nature and magnitude of the modern over-the-counter secondary distribution of exchange stocks and it appraises the secondary distribution's effects upon sellers of blocks of stock, exchange markets, members of the exchanges, and the buying public. The report is based in large part upon extensive field studies conducted by the Commission's staff and upon statistics and other material obtained from the securities exchanges and from a considerable number of brokers and dealers in various parts of the country.
>
> The report contains an analysis of the functions of the secondary offering and of the developments during the past decade which have brought the operation to its present form. The conduct of a modern secondary distribution is described from origination to completion. Various aspects of the operations conducted in recent years also are summarized statistically, including the volume and value of the offerings, the characteristics of the stocks involved, the sources of the stock sold and the types of customers purchasing the offered stock. In addition, a statistical study is presented of the reaction of stocks in the exchange market during the course of these over-the-counter offerings.
>
> An appendix to the report contains an account of the regulations of the exchanges and of the State and Federal Governments which affect the conduct of secondary distributions of exchange stocks. Another appendix provides statistical information on each secondary distribution effected with New York Stock Exchange approval since 1931 and on each offering done with the approval of the New York Curb Exchange since 1938.

Copies of the report may be obtained, upon request, from the Publications Unit, Securities and Exchange Commission, Washington, D. C.

Again in 1941

NEW ENGLAND MUTUAL

helped thousands of American families

WIN FREEDOM

from fear and want

While nations fight a world war for freedom from aggression, *families* must continue to wage their struggle for the personal independence which is so vital a part of our way of life.

And New England Mutual helps win both victories — by protecting the home and assuring children's educations—by investing in Government Bonds and essential industries.

This Company has provided steadfast life insurance protection through the wars and depressions of a century — has steadily gained in strength in spite of many critical economic periods.

That this consistent growth still goes on, even in these difficult days, is evidenced by the 1941 financial statement below:

98th ANNUAL STATEMENT
DECEMBER 31, 1941

Insurance in Force................$1,658,971,000
51 millions more than ever before
38% more than at the end of 1929

New Life Insurance...............$ 127,631,000
Including Additions and Revivals
12% more than in 1940

Assets ....$ 535,967,000
Increase of $34,261,000 over last year
More than double the total at the end of 1929

Liabilities ....$ 516,962,000
Includes $8,850,000 for 1942 dividends
Includes $3,000,000 Special Contingency Fund

Unassigned Surplus ....$ 19,005,000

COPY OF ANNUAL REPORT GLADLY SENT UPON REQUEST

NEW ENGLAND MUTUAL
LIFE INSURANCE COMPANY *of* BOSTON
George Willard Smith, President • Agencies in Principal Cities Coast to Coast
FIRST MUTUAL LIFE INSURANCE COMPANY CHARTERED IN AMERICA—1835

SEC Applications For Broker Dealer Registry

The following applications for registration as brokers and dealers has been made with the Securities and Exchange Commission on the dates indicated:

Jan. 17, 1942—Irwin Dillingworth Odinov, 940 Remsen Ave., Brooklyn, N. Y., a sole proprietorship; H. P. Hayden & Company, 120 South La Salle St., Chicago, Ill., Herbert P. Hayden, formerly President, now sole proprietor, Fletcher Lewis and Wm. K. Jordan having withdrawn as officers.

Jan. 19, 1942—H. P. Demand and Associates, 100 North La Salle St., Chicago, Ill., Herman P. Demand, sole proprietor.

Jan. 20, 1942—George J. Moriatry, 34 Westminister Terrace, West Orange, N. J., a sole proprietorship.

Jan. 21, 1942 — Adams-Fastnow Company, 215 West Seventh St., Los Angeles, Calif., Wilbur Vernon Adams and William Christian Fastnow, partners; Carl M. Trotte, 115 East 21st St., Brooklyn, N. Y., a sole proprietorship; Clyde F. Frost Co., 24 Federal St., Boston, Mass., Clyde F. Frost, sole proprietor.

Jan. 24, 1942—Robert Hawkins & Co., 10 Post Office Square, Boston, Mass., Gerard Hawkins, Jr., and officer in addition to Robert F. Hawkins, George T. Curley, W. Frederick Spence and Robert Duncan.

Jan. 26, 1942—H. A. Schlick Investment Bonds, 802 First Wisconsin National Bank Building, Milwaukee, Wis., Hugo A. Schlick, Jr., formerly an individual dealer, sole proprietor.

Jan. 27, 1942 — Cameron E. Shropshire, 1223 Fair Building, Fort Worth, Texas, a sole proprietorship.

Jan. 29, 1942—R. W. Proctor & Company, 30 Broad St., New York, N. Y., Ralph W. Proctor, Harrison M. Haverbeck, formerly officers, James P. Huegel and Alexander A. Kalen, partners.

Reserve Banks Report On Business

Indications of the trend of business in the various Federal Reserve districts is reported in the following extracts which we give from the "Monthly Review" of the Federal Reserve Districts of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

First (Boston) District

The Federal Reserve Bank of Boston, in its "Monthly Review" of Feb. 1, reports that "in New England general industrial activity during December increased over the level which prevailed during November, after allowances had been made for customary seasonal changes, and was considerably higher than in December a year ago. Most of the important industries contributed to the increase in the general level." The Bank's "Review" further states:

> The sales volume of 117 department stores and apparel shops in New England during December was 13.8% higher than in December a year ago and increases were reported in each of the six New England States. The sales volume for the entire year 1941 was 16.1% higher than was reported by these concerns for the preceding year.
>
> Total revenue freight carloadings in this district during the five-week period ending Jan. 10 were 12.1% larger than during the corresponding period a year ago and during the 52 weeks ending Dec. 27, 1941, were 17.9% over the total for the corresponding period in 1940.
>
> The amount of raw cotton consumed by mills in New England during December was 108,423 bales, as compared with a total of 99,122 bales in November, a gain of 9.4%, and exceeding the December, 1940, consumption by 21.7%. During the year 1941, 1,260,389 bales of cotton were consumed in this district, an amount 35.6% over the total for the preceding year.

Second (New York) District

In its Feb. 1 "Monthly Review" the Federal Reserve Bank of New York says: "It appears that there was during January a continuation of recent tendencies in industrial operations. War production mounted higher, but output of non-defense industries was again held back by official limitations upon production and further diversions of material to meet war needs." It is also stated:

> "Although still hampered by shortages of scrap, steel operations again held within a few percentage points of rated capacity. Incomplete figures indicate that car loadings of merchandise and miscellaneous freight fell off to a greater extent than usual in January, but that the movement of bulk freight increased somewhat. After adjustment for seasonal factors, electric power production appears to have continued upward in January."

The bank reports that in December its "seasonally adjusted index of production and trade declined to 110% of estimated long-term trend, a point below the figure for November, but eight points above that for December, 1940. During 1941 the index ranged from a low of 103 in January to a peak of 114 in August." "The behavior of the index during the last five months of the year was determined largely by fluctuations in the volume of retail trade, inasmuch as productive activity showed a gradual rising tendency," says the "Review," which further states:

> During December the divergent tendencies between the output of producers' and consumers' durable goods, noted in recent months, became even more pronounced. Activity mounted higher in key war industries such as steel, aircraft, shipbuilding, and machinery, resulting in a further advance in the producers' durable goods component. On the other hand, drastic curtailment of output, especially of passenger automobiles, caused a sharp reduction in the index of production of consumers' durable goods. Output of non-durable goods in the aggregate, was not much changed between November and December.
>
> The decline in the index of production and trade in December was due principally to the failure of retail trade in general to rise as sharply as in most other years. After adjustment for seasonal factors, sales by department stores, variety chain systems, and passenger car dealers were considerably lower than in November, although mail order house sales were well maintained. In addition, railway car loadings of bulk freight (represented in the index of primary distribution) declined considerably more than usual.
>
> In 1941 steel production in this country was at a record high of approximately 83,000,000 net tons, as the accompanying chart indicates. Output last year was nearly 25% higher than in 1940 (the previous record), a third greater than in 1929, and two-thirds above that in 1917, the peak year for steel production during the World War. During 1941 steel mill operations averaged 97½% of capacity, as compared with 82% in 1940 and 91 % in 1917.

	1940	1941		
	Dec.	Oct.	Nov.	Dec.
Indexes of Production and Trade (100=estimated long term trend)				
Index of Production and Trade	102	108	111p	110p
Production	105	116	117p	117p
Producers' goods—total	109	128	129p	131p
Producers' durable goods	110	138	139p	144p
Producers' nondurable goods	108	118	120p	119p
Consumers' goods—total	102	103	103p	101p
Consumers' durable goods	91	95	90p	76p
Consumers' nondurable goods	105	105	107p	109p
Durable goods—total	103	125	124p	123p
Nondurable goods—total	106	111	112p	113p
Primary distribution	95	104	107p	105p
Distribution to consumer	101	94	101p	98p
Miscellaneous services	96	103	106p	107p
Cost of Living, Bureau of Labor Statistics (100=1935-39 average)	101	109	110	111
Wages Rates (100=1926 average)	116	126	127p	---
Velocity of Demand Deposits* (100=1935-39 average)				
New York City	60	69	70	64
Outside New York City	89	90	95	93

p Preliminary. *Adjusted for seasonal variation. These series have been revised and the base period changed from 1919-25=100 to 1935-39=100. Tabulations of back data available upon request.

Third (Philadelphia) District

The Federal Reserve Bank of Philadelphia, in its "Business Review" for Feb. 2, states that "war requirements and active consumer demand are sustaining industrial and trade activity at high levels." The Bank's summary goes on to say in part:

> Industrial production has expanded further as orders for essential equipment and supplies continue to increase. Operations against high priority placements are absorbing an increasing proportion of capacity, and output of heavy consumers' goods is being curtailed substantially further. Civilian orders in a wide variety of lines are showing a tendency to decline, owing to difficulties of getting delivery. Freight shipments have been heavy. Buying at wholesale is fairly active, and consumer demand at retail stores is strong.
>
> Factory operations in this District increased further from November to December when there is ordinarily some decline; gains were reported in both durable and non-durable lines. The output of crude oil and electric power also expanded and production of bituminous coal increased, contrary to seasonal expectations. Operations at anthracite mines declined in the month, reflecting heavy buying earlier in the year.

Fourth (Cleveland) District

The Federal Reserve Bank of Cleveland, in its Jan. 31 "Monthly Business Review" reports that:

> Total demand for industrial help has been increasing, and surveys indicate that it will be even greater as time passes and new plant facilities are completed, enlarged, or converted. Employment in principal fourth district manufacturing centers continued at very high levels in December and early January, even in those cities where the principal activity formerly was the production of automobile parts or mechanical refrigerators and other household equipment. Operations in industries contributing directly or indirectly to the war effort were expanded somewhat further to new peaks, and working forces were augmented.

Fifth (Richmond) District

Trade and industry in the Fifth Federal Reserve district during 1941 continued at an accelerated rate over the near record levels attained in the second half of 1940, it is indicated in the Federal Reserve Bank of Richmond's "Monthly Review" of Jan. 31. The bulletin goes on to say:

> New records were set in several lines. In industry, practically all plants in every line of work ran full time, and many went on a multiple shift basis. Cotton textile mills consumed more cotton than in any earlier year, and were so fully engaged on defense orders that much civilian business had to be declined. Rayon yarn mills operated at capacity during all of 1941, but could not meet all demands for rayon after the Government impounded raw silk stocks. Shipyards in the district employed every trained workman they could obtain, and used every available shipway in the yards.

Sixth (Atlanta) District

The following regarding business conditions in the Sixth Federal Reserve District is from the Jan. 31 "Monthly Review" of the Federal Reserve Bank of Atlanta:

> In December department store sales in the Sixth District increased less than seasonally but, nevertheless, established a new high level for the month. Wholesale trade also increased contrary to the usual seasonal trend. Life insurance sales recorded a substantial gain, construction contracts were awarded in larger volume, and pig iron production increased. Textile activity declined somewhat from the record November level, and residential contracts were lower.

Seventh (Chicago) District

In its Feb. 17 review of "Business Conditions," the Federal Reserve Bank of Chicago reports that "the change in the business situation in the Seventh Federal Reserve District following the declaration of war has been one of intensity rather than direction of movement as the shift to a wartime economy had been going on in some industries and had been prepared for in others. Business continued upward despite allocations of critical materials and the transition to war production. January will be remembered as the month when scare buying pushed department store sales to a peak for that month, brought about plans for rationing of certain food products, and witnessed the stoppage of civilian production in one of the District's greatest industries, the building of automobiles." The review added:

> Production quotas for certain civilian goods were revised downward, as the need for critical materials became more acute. This situation applied particularly to those industries using metals in the fabrication of civilian goods. The producers of basic materials such as coal, oil, and steel operated at capacity levels.
>
> The urgent need for bituminous coal lifted production in the Illinois, Indiana, Iowa, Michigan area to approximately 8,000,000 net tons during December. This tonnage was second only to the March record of 8,500,000 tons.
>
> The daily average of crude oil production in the District for the four weeks ending Dec. 27 was 465,750 barrels, an increase of 17% over the corresponding period of 1940. During the four weeks ended Jan. 24 of this year, the daily average was 439,350 barrels, an increase of 14% over the same period a year ago.
>
> Variations in the steel ingot rate ranged from 101 to 103%. On the basis of annual productive capacity, the estimated January production was 1,300,000 net tons, or about 20% of the total for the nation.

Eighth (St. Louis) District

The Federal Reserve Bank of St. Louis reports that "industry and trade in the Eighth District held at very high levels during December and early January. The gain in volume of trade in December was more than seasonal In past years industrial activity has dropped somewhat in the holiday period, but this year it was maintained at close to capacity in most lines. Such declines as were evidenced were due primarily to shortages of materials." The Bank's "Review" for Dec. 30 further said:

> Output of bituminous coal at mines in this area in December increased 4% over November and was 8% over December, 1940. Production during 1941 was 8% greater than the previous year. Steel ingot production at mills in the district was curtailed in December due to repairs and scrap shortages. Further decline may be evidenced in the future as scrap supplies dwindle. December consumption of electricity by industrial users was 2% above November and 15% more than a year ago.

Ninth (Minneapolis) District

The Federal Reserve Bank of Minneapolis has the following to report in part in its Jan. 28 "Monthly Review":

> Northwest business volume during December was larger than in November and reached the highest December level on record. Member bank deposits expanded further to new record levels. Member bank loans to customers reached the highest total since 1929. Cash farm income for 1941 was the highest since World War I. December cash farm income from hogs was more than double December 1940.

Tenth (Kansas City) District

With regard to business in the Tenth Federal Reserve District, we quote the following from the Kansas City Reserve Bank "Monthly Review" of Jan. 30:

> Wholesale and retail trade was unsually active in the early weeks of January.
>
> Near the end of 1941 many production figures were running at a higher rate than they had averaged for the year. This was particularly true of flour and crude petroleum production and the slaughter of livestock. It was also true of the marketing of grain and livestock.
>
> Check transactions are very large and bank loans in December were 37% above a year earlier. The gain in bank investments is relatively much less than that of loans. Demand deposits are rising. Life insurance sales were very large in December. Prices of grain and livestock rose sharply following the outbreak of war in the Pacific.

Eleventh (Dallas) District

According to the Dallas Federal Reserve Bank, "development in business and industry in the Eleventh (Dallas) Federal Reserve District during December and the first half of January reflected readjustments to new conditions created by the outbreak of war. Some business and industrial establishments have been adversely affected through the curtailment of supplies, but most of the establishments directly or indirectly associated with the production or handling of war materials have either accelerated operations or are rearranging facilities for their most effective use in the war effort." The Bank also reports as follows in its "Monthly Business Review" of Feb. 1.

> Production of crude petroleum and of refined products rose to new peaks in December and a further gain in the output of crude oil is indicated for January as a result of increased production allowables. Operations at cotton textile mills were maintained at a high level with some mills increasing output through a longer work week. The value of construction contracts awarded, which had been exceptionally large during the fall, declined sharply in December, reflecting a temporary lull in the awarding of Government contracts and the curtailment of non-essential building. Department store sales increased by less than the usual amount in December, but were substantially higher than in the corresponding month of 1940.

Twelfth (San Francisco) District

The Federal Reserve Bank of San Francisco, in its "Business Conditions" of Feb. 3, states that "a review of economic developments in the Twelfth Federal Reserve District during 1941 reveals marked expansion in all sectors of the economy to levels substantially above anything attained in the past." The bank's summary further states:

> Gains during the year were traceable primarily to the defense and war programs, but these programs did more than raise levels of production, building, employment, urban and farm income, and retail trade. Under their impetus, the framework of the Twelfth District economy has been materially altered. Its central supports now include large aircraft, shipbuilding and metals industries. These programs also made imperative, in the district and in the country as a whole, increasing Government direction of economic activity, particularly of a character to promote the diversion of materials and facilities to essential military purposes.
>
> Vast expansion in aircraft, shipbuilding, and metals producing facilities and in output of these items continued unabated through the year-end. Production in older established major industries of the district,

including lumbering and mining and smelting of non-ferrous metals also expanded in 1941, but the gains were relatively much smaller. Necessary restrictions upon the output and distribution of various durable consumers goods checked output late in the year in a number of lines such as automobile assembling, tire manufacturing, and some types of metal working. Aggregate industrial activity continued to increase throughout the year, however, since industries affected were not of primary importance in the area and because of the sharp and continuous expansion in defense industries.

Investment Trusts

(Continued from Page 839)

facturers learned long ago that they not only had to build a product that would sell—but they had to build a product that would stay sold. Some investment men have merely tried to sell their personalities and make them stay sold, and then haven't worried too much about their products.

The stand taken by the Trustees of the George Putnam Fund looks far beyond the mere question of justice at the moment; it is a step calculated to help bring back the public confidence in the investment business, which confidence short-sighted self-interest, greatly exaggerated by adverse publicity and propaganda, destroyed long ago.

Investment Company Briefs

"By and large, leading mutual investment companies provided their shareholders with creditable results during turbulent 1941. A compilation of the net asset value performance of 12 such companies for 1941 has been completed and published by Standard & Poor's Corporation. The 1941 average 'decline in portfolio values for the group' amounted to 8.8%, or less than half of the 17.9% decline in the Standard & Poor's index of 90 stocks in the same period.

"This record is particularly noteworthy since it is the second year in a row when the average performance of a group of leading mutual companies has been materially better than the action of a well-known stock market average. In 1940, according to a Standard Statistics compilation, the average decline for the group was 9.7%, by contrast with a 15.4% in the case of the 90 stock index."—Calvin Bullock's *Bulletin*.

Selling trust shares is a profitable business. And under that title, National Securities & Research Corp. has issued an interesting leaflet telling why. Briefly, because they are readily saleable to a sufficient number of investors to justify the time and effort involved in offering them. "Billions of dollars of trust shares have been sold and millions are being bought monthly . . . to the 'average' investor who does not have sufficient capital to command ample diversification . . . this is a large market to which trust shares can render a real service."

A per centage of profit considerably greater than on any security of equal grade amply compensates for the extra time required to sell through personal contact. The chances are better than with individual issues that the security will prove a satisfactory investment because diversification removes the risk of unusual loss.

"U. S. National Income (dividends, interest, salaries, wages and profits), is higher today than at any time in our history. The urgent demands of war—quantity and speed—have broadened employment to record proportions. As contrasted to the previous record year of 1929, when national income was $78,000,000,000, 1941 income was $84,000,000,000 and 1942 is estimated by the National Resources Planning Board at $92,000,000,000. Their projection of income in 1943 reaches $100,000,000,000 and in 1944, $105,000,000,000.

"Simultaneously there has been a sharp curtailment of available durable and non-durable consumer goods. Houses, cars, refrigerators and furniture—usually the principal items of heavy family expenditures in periods of prosperity—are sharply curtailed. Other restrictions appear inevitable. There will be more and more money with which to buy things —and fewer and fewer things to buy. From these facts it is evident a tremendous surplus of mass purchasing power is being built up.

"Money will not remain idle—it never has. Paradoxically, the price-earnings ratio and current returns available in various classes of listed securities are still among the most favorable of recent years."—*Keynotes*, The Keystone Corporation of Boston.

A bang-up summary of a bang-up comprehensive analysis of the investment outlook by Philip W. K. Sweet, President of Investors Management Company, was presented in the Feb. 16 issue of Hugh W. Long and Co.'s *New York Letter*. The concluding forecast:

"Despite blunders and bad news, although 'nothing under the sun' is impossible, this forecast disregards the hypothesis of our losing this war, taking a first licking. And this is predicted—lows registered in the first quarter followed by a rising trend

1. because increasingly better war news is expected later on in the year
2. because business leadership is taking hold of war controls and production
3. because the market is strong technically in its sold-out, well margined status
4. because of the extreme cheapness of stocks and their exceptional income yields
5. because of the pressure of inflation if and when hoarders turn into spenders."

American Business Shares "News Letter," a newcomer to the trust literature field promises to present many new slants on old problems as well as brand new ideas—all the product of an original mind. The new publication which will appear twice monthly rounds out the various Lord, Abbett & Co. publications: "Background," "The Union Dealer" and "Abstracts."

"We all know the big difference between stars and comets," says the "News Letter." "A star is steady, enduring. It 'does its business' day after day. A comet, on the other hand, is brilliant flashy, . . . for a time.

"And the connection between stars and comets and securities is this: in the long run steadiness, determination and constant effort will out-live the infrequent comet.

"Does the average investor look at his investment matters this way? Does he think in terms of steady, perhaps "unflashy," work with his portfolio, as contrasted with spasmodic major readjustments interspersed with long periods of inattention?

"Naturally no investor can give *daily* attention (in the literal sense of the word) to his securities. But most investors could give *more frequent* attention."

von Thelen A Partner

CHARLOTTESVILLE, VA.—Alexander J. von Thelen has been admitted to partnership in C. F. Cassell & Co., 112 Second Street, N. E. Mr. von Thelen has been with the firm as manager of the stock department.

R. C. Sours has joined the firm's sales organizations.

Detroit Bowling Returns

DETROIT, MICH.—The Broker's Bowling League of Detroit announces keen rivalry between the six teams competing for first place in the League's contest. Tied for high place are the Allman, Everham & Co. team and the Triple A's; the Blue Chips, Baker, Simonds & Co. No. 1 and Baker, Simonds & Co. No. 2 are tied for second place, with the Bulls and Bears trailing.

Individual High Single score is held by Charles J. Boigegrain of Strauss Securities Company; second individual high single by P. Hastings, Baker-Simonds & Co.; individual high three games by Mr. Boigegrain, with Mr. Hastings second; team high single is held by the Triple A's, with Baker, Simonds & Co. No. 1 second; team high three games is Allman, Everham & Co. with the Triple A's second.

Interested In Sugar?

An analysis of the Amalgamated Sugar Company prepared by Edward L. Burton & Company, 160 South Main Street, Salt Lake City, Utah, has just come off the press. Burton Company will send copies of this analysis or an analysis of the Utah-Idaho Sugar Company upon request.

WPB Orders Radio Plants Converted To War Output

The radio manufacturing industry was warned on Feb. 13 that it will be expected to convert its facilities to the production of war products within the next four months. This virtual order was given to a meeting of representatives of 55 radio set manufacturers in Washington by R. R. Guthrie, head of the War Production Board's Bureau of Industry Branches. While no exact date was set for the conversion to war products, Mr. Guthrie told the manufacturers that if within three or four months conversion is not accomplished steps will then be taken "to break down the organization of the unconverted plants and shift their labor and equipment to other parts of the economy where they could be mobilized for war production."

The WPB ordered on Jan. 25 that the civilian output of the radio industry be curtailed during the next three months to 60% of the average monthly output in the first nine months of 1941. It is expected that when this order expires production for civilian use will be entirely curtailed.

It is stated that the radio manufacturing industry had total sales in 1940 of about $177,000,000, while in 1941 it is estimated that sales aggregated $200,000,000. In the first nine months of 1941, it produced about 10,000,000 radio sets, compared with an output of 11,800,000 sets during the entire year 1940. The industry, employing about 50,000 persons, has been requested to undertake a $2,000,000,000 military production program.

Earnings Of Federal Funds In Private Institutions

Government funds invested in the shares of savings and loan associations paid almost $3,000,000 in dividends to the Home Owners' Loan Corporation and the U. S. Treasury for the last half of 1941, James Twohy, Governor of the Federal Home Loan Bank System, announced. This payment brought to approximately $45,000,000 the cumulative dividends received on the Government's investments in these private institutions since the first investments were made late in 1933. The announcement also had the following to say:

At the end of 1941, HOLC and Treasury investments outstanding in thrift and home-financing institutions amounted to $196,450,860, as compared with their original investments of $272,559,210. The difference, amounting to $76,108,350, represents retirement of these investments by the associations over recent years. Of the investments outstanding, $21,283,800 was placed by the Treasury and $175,167,060 by the HOLC.

These investments were made under 1933 and 1934 Acts of Congress permitting the Treasury to purchase up to $50,000,000 in Federal savings and loan associations' shares and the HOLC to acquire up to $300,000,000 in shares of Federal associations and other associations belonging to the Federal Home Loan Bank System. The purpose was to enable these institutions more quickly to meet the revived demand for home loans in their communities at that time.

For the entire year of 1941, the Bank Board estimates that total dividends paid by the 3,824 member savings and loan associations of the Federal Home Loan Bank System aggregated about $120,000,000. Of this, approximately $113,800,000 went to more than 4,500,000 investors in these associations. The balance of about $6,200,000 was paid to HOLC and the Treasury.

WHAT EMPLOYERS SHOULD KNOW ABOUT LOAN COSTS

Do you know how much it actually costs your employes to borrow from a family finance company? Many executives believe the charges to be far higher than they actually are.

Suppose one of your men suddenly needs $50 to meet an emergency. He tells Household Finance about his problem and gets the money in a quick, private transaction. No endorsers or guarantors are required.

$50 loan costs $4.48

The borrower chooses, from a variety of payment plans, the one which best fits his own income and situation. He may, for instance, choose to repay his $50 loan in six monthly instalments of $9.08 each —a total of $54.48. In that case, the total cost of his $50 loan is only $4.48. This charge includes everything. There is nothing more to pay. A $100 loan, repaid in six monthly instalments of $18.15 each, a total of $108.90, costs just $8.90.

When an employe borrows at Household Finance, he pays charges only on his monthly balance, not on the original amount of the loan. The sooner a loan is repaid, the less it costs. If a borrower should receive a bonus and wish to repay part or all of his loan ahead of schedule, he may do so at any time. The charges are reduced in exact proportion to the extent of the prepayment.

The table below shows some typical loan plans. Payments include all charges. Charges are made at the rate of 2½% per month (less in many territories on larger loans). Household's charges are below the maximum rates authorized by the Small Loan Laws of most states.

Last year Household Finance made over 800,000 loans to workers in all branches of industry. These loans helped troubled families to keep insurance in force, clean up old debts and maintain living standards.

We would like to send you more information about Household Finance service without obligation. Please use the coupon.

WHAT BORROWER GETS	WHAT BORROWER REPAYS MONTHLY				
⇩	2 payments	6 payments	12 payments	15 payments	18 payments
$ 25	$ 12.97	$ 4.54	$ 2.44		
50	25.94	9.08	4.87		
75	38.91	13.62	7.31	$ 6.06	$ 5.23
100	51.88	18.15	9.75	8.08	6.97
125	64.85	22.69	12.19	10.10	8.71
150	77.82	27.23	14.62	12.11	10.45
200	103.77	36.31	19.50	16.15	13.93
250	129.71	45.39	24.37	20.19	17.42
300	155.65	54.46	29.25	24.23	20.90

Above payments include charges of 2½% per month and based on prompt payment are in effect in seven states. Due to local conditions, rates elsewhere vary slightly.

PERSONAL LOANS $20 TO $300

HOUSEHOLD FINANCE Corporation

ESTABLISHED 1878

Headquarters: 919 North Michigan Avenue, Chicago, Illinois

One of America's leading family finance organizations, with 305 branches in 203 cities

HOUSEHOLD FINANCE CORPORATION, Dept. CFC-B
919 N. Michigan Ave., Chicago, Ill.

Please tell me more about your loan service for wage earners—without obligation.

Name..

Address..

City.............................. *State*..............................

Established 1856

H. Hentz & Co.

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Tomorrow's Markets Walter Whyte Says—

(Continued from Page 837)

the pessimism that declining markets engenders, will show signs of dissipating. It is at such times that I think the greatest caution is called for.

* * *

To apply this caution in a more practical manner, I suggest that the stops you have in the two stocks you hold, be raised.

* * *

You were advised to buy two stocks, American Car & Foundry, at 32, and American Steel Founders, at 20. The stops suggested at the time the purchase recommendation was made were 29 in the former, and 19 in the latter. American Car is now about 32 and Amer. Steel Founders is about 21. Their stops should now be 30½ for the Car & Foundry and 19½ for the Steel Founders.

* * *

On the upside, Car & Fdry. runs into offerings at about 33½ to 35. American Steel Founders hits its offerings from 23 to 25. It is possible that both these stocks may be able to wade through these offerings before going through the lower resistance points — possible, but not probable. If they do it, they will stay above the stops given above. If they break them, the move will be postponed.

* * *

In any case I would not hold on if either of these stocks break through on the downside.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

SEC Registrations Subject To War Rules

(Continued from First Page)

the Securities Act of 1933, particularly Section 19 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors, hereby adopts the following rule:

Rule 171. Disclosure Contravening Code of Wartime Practices.

(a) The Commission, may upon its own initiative or upon application, authorize or direct the omission of specific information from any registration statement, prospectus or other document filed with the Commission or used in connection with the offering or sale of any securities, if publication of the information would, in the opinion of the Commission acting in cooperation with the United States Government Office of Censorship, contravene the Code of Wartime Practices promulgated by that office.

(b) Any issuer, underwriter or other distributor of securities may apply to the Commission for an opinion pursuant to paragraph (a). Applications may be made by informal letter and need contain only so much of the information in question as may be necessary in the particular case to enable the Commission to pass upon the application in regard thereto.

(c) In any case where information is omitted pursuant to this rule the Commission may authorize or direct the filing of such information with the Commission under separate confidential cover.

(d) Any requirement to the contrary notwithstanding, no registration statement, prospectus or other document filed with the Commission or used in connection with the offering or sale of any securities shall contain any information the omission of which the Commission shall have authorized or directed, or which the Commission shall have directed to be filed under separate confidential cover, pursuant to this rule.

II

The Securities andl Exchange Commission, acting pursuant to authority conferred upon it by the Securities Exchange Act of 1934, particularly Section 23 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors, hereby adopts the following rule:

Rule X-6. Disclosure Contravening Code of Wartime Practices.

(a) The Commission may, upon its own initiative or upon application, authorize or direct the omission of specific information from any application for registration, report, proxy statement or other document filed with the Commission or any securities exchange, if publication of the information would in the opinion of the Commission, acting in cooperation with the United States Government Office of Censorship, contravene the Code of Wartime Practices promulgated by that office.

(b) Any issuer or other person who is about to file any such document with the Commission or an exchange may apply to the Commission for an opinion pursuant to paragraph (a). Applications may be made by informal letter and need contain only so much of the information in question as may be necessary in the particular case to enable the Commission to pass upon the application in regard thereto.

(c) In any case where essential information is omitted pursuant to this rule the Commission may authorize or direct the filing of such information with the Commission under separate confidential cover.

(d) Any requirement to the contrary notwithstanding, no application for registration, report, proxy statement, or other document filed with the Commission or any securities exchange shall contain any information the omission of which the Commission shall have authorized or directed, or which the Commission shall have directed to be filed under separate confidential cover, pursuant to this rule.

III

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Public Utility Holding Company Act of 1935, particularly Section 20 (a) thereof, and deeming such action necessary and appropriate to carry out the provisions of the Act, hereby adopts the following rule:

Rule U-105. Disclosure Contravening Code of Wartime Practices.

(a) The Commission may, upon its own initiative or upon application, authorize or direct that specific information be omitted from any notification, statement, application, declaration, report or other document filed with the Commission under the Act, and be filed under separate confidential cover if publication of the information would, in the opinion of the Commission acting in cooperation with the United States Government Office of Censorship, contravene the Code of Wartime Practices promulgated by that Office.

(b) Any person who is about to file any such document with the Commission may apply to the Commission for an opinion pursuant to paragraph (a). Applications may be made by informal letter and need contain only so much of the information in question as may be necessary in the particular case to enable the Commission to pass upon the application in regard thereto.

(c) Any requirement to the contrary notwithstanding, no notification, statement, application, declaration, report or other document filed with the Commission under the Act shall contain any information which the Commission shall have authorized or directed to be filed under separate confidential cover pursuant to this rule.

Effective Feb. 19, 1942.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of William E. Tobias, Jr. to G. Philip Lynch will be considered on March 5, 1942.

The Exchange Governors are today considering the proposal for Carl L. Muller to act as alternate on the floor of the Exchange for William C. Ridgway, Jr. under Section 15, Article IX.

Henry Koch retired from partnership in Ralph E. Samuel & Co. on Feb. 16.

Rawson Lizars & Co., Chicago, will dissolve as of Feb. 28.

Now King, Mohr & Hendrix

MONTGOMERY, ALA. — King, Mohr & Co., First National Bank Building, announce that their firm name has been changed to King, Mohr & Hendrix. Mr. James R. Hendrix has been the firm's resident partner in Birmingham for the past three years, having been associated with them since 1935, prior to which he was with the Birmingham Trust & Savings Company.

UP-TOWN AFTER 3

PLAYS

"Heart of the City," by Lesley Storm. Presented by Gilbert Miller, at the Henry Miller Theatre, New York. Cast includes Gertrude Musgrove, Margot Graham, Beverly Roberts, Lloyd Gough, Dennis Hoey, Richard Ainley, Frances Tannehill, Bertha Belmore, Skelton Knaggs and Miriam Goldina. Staged by Mr. Miller. Settings by Harry Horner.

When the blitz of 1940 hit London all the theatres in the city closed; all but one, the Windmill, a small place on a side street, given over to revues a la Minsky, which kept grinding away, bombs or no bombs. Miss Storm, a frequent backstage visitor was, according to the program footnote, so impressed by this display of courage that she wrote a play about it. Unfortunately her good intentions don't come off. For while the situation is touching, particularly with our own emotions involved, the story is thin and soon told. One of the show girls falls in love with the wrong man; another decides to marry an RFC pilot; still another achieves her ambition in being named correspondent in a divorce action. And so it goes. Throughout the play, most of which takes place in one of the Windmill's dressing rooms, we are asked to believe that the troupe displays great courage and gallantry in the face of an all-out blitz, when the truth is early evident that the spirit of "the show must go on" is based on two reasons. The owner keeps open in the hope that the closing of the grander theatres would give him packed houses and the cast has no other place to go. "Heart of the City" is not a spectacular play and neither does it leave any lasting impressions. Still its spirit of youth and bravery has an appeal.

MOVIES

"The Courtship of Andy Hardy" (MGM). The latest one of the Andy Hardy series will prove a poser. After all how can the gregarious Mickey Rooney go around mooning for one girl after another when he's just recently left the ranks of the Benedicts. But be that as it may, "Courtship of Andy Hardy," is an amusing yarn. In this one our young hero gets himself into a jam when his new born towing business becomes a cropper with the law. In exchange for his father's help young Hardy is to take an interest in a young girl (Donna Reed), who is known as the town "droop." But as the fates, plus scenarios have it she turns out to be something special. However, Polly Benedict (you remember her) returns in time and all's well again. . . . **"Mister V,"** the Leslie Howard directed and produced picture is to modern times what the Scarlet Pimpernel was to the 1870's. Leslie Howard who was the elusive Pimpernel of the French Revolution is now the equally mysterious "Mr. V," who has the Gestapo turning handsprings. As an English professor of archeology, Mr. Howard has the run of the German countryside and he and his student assistants manage to spirit all kinds of worthy people out of the country from under the Nazi noses. It's an exciting picture and worth seeing.

RESTAURANTS AND BARS . . .

New York has all kinds of eating places from the stromberry 'n' pie coffee shoppes, traditionally Greek-owned, to the elegant French places supposedly a favorite with gourmets. But so far as I know it has only one authentic Dutch restaurant, the **Holland House Taverne**, in Rockefeller City. From its old fireplace to its jaw-breaking menus the Holland House Taverne is as Dutch as its famous canals and windmills. Even the waitresses dressed in Dutch costumes seem authentic. The food, as you would expect, is excellent. Located in Rockefeller City it draws its patronage from radio and theatrical people who are employed in the neighborhood. But the night I was there I saw two Dutch sailors in uniform who seemed to know that the kind of food their country was once noted for can now be found in New York at the Holland House Taverne. . . . One of the amusing places around town is **Cerutti's**, on the east side of Madison Avenue, between 59th and 60th Streets. Despite its unprepossessing exterior the inside is done in the latest Vernon MacFarlane fashion. But decorations isn't what you want. It's what goes on under them that makes the place. Coming into the bar which for some reason has a predominantly male clientele, you pass into the main room where the paid entertainers hold forth. And hold forth is what I mean! The featured attraction is a lady called "Bricktop," who was quite the rage in the Paris of pre-Vichy. This red-haired lady sings, but the night I was there she did little. But the rest of the troupe made up for it. The Chanticleers, a quartet who double as waiters, sing often and well. Billie Haywood and Cliff Allen and Mae Barnes also do their stint nicely. But it isn't the entertainment, good as it is, that makes the places attractive, it's the informality of everything that gets you. Time and again the Chanticleers, plus the featured cast forget themselves (or maybe it's pre-arranged) and go to town with hilarious results. Jerry Kirkland, manager, seems to take it in his stride, but Frank Cerutti (who fought in the American Army in the last war and has medals, too), a slight, bald-headed, pale man, seems to be dazed by it all. **Cerutti's** is a late spot, so guide yourself accordingly.

Teeter With Drexel Co.

John H. Teeter has become associated with Drexel & Co., 14 Wall Street, New York City. Mr. Teeter was formerly with H. N. Whitney, Goadby & Co. and prior thereto was a partner in W. H. Goadby & Co.

To Be Limited Partner

NEW ORLEANS, LA.—Cornelia I. Jordan will become a limited partner in Thomas Jordan & Co., 615 Commercial Place, members of the New York Stock Exchange, on March 1.

The Penthouse Club
30 CENTRAL PARK SOUTH
Adjoining The Plaza

A most unique restaurant in a beautiful location, overlooking Central Park to the north.

Serving best food, skilfully prepared.

Telephone PLaza 3-6910

Calendar of New Security Flotations

OFFERINGS

LIQUID CARBONIC CORP.

The Liquid Carbonic Corp. has filed a registration statement with the SEC for 30,000 shares of Cumulative Preferred Stock, Series A, $100 Par. The dividend rate will be supplied by amendment to the registration statement

Address—3100 S. Kedzie Ave., Chicago, Ill.

Business—Business now done by company and its subsidiaries consists of the manufacture and sale of consumable products (carbonic gas and dry ice; extracts used in preparation of beverages and food; oxygen, acetlyene and medical gases; and durable products (soda fountain bars, luncheonette equipment, ice cream cabinets, bottling equipment)

Underwriting — Principal underwriters are: Laird, Bissell & Meeds; Spencer Trask & Co.; Merrill Lynch, Pierce, Fenner & Beane, all of New York. Names of the other underwriters will be supplied by amendment

Offering—The preferred stock will be offered to the public, at a price to be announced in a later amendment to the registration statement

Proceeds will be used to extent of $700,000 toward the partial prepayment of an outstanding bank loan; remainder of the net proceeds will be added to company's working capital

Registration Statement No. 2-4938. Form A2 (1-30-42)

Amendment filed Feb. 16, 1942, to defer effective date.

Feb. 19, 1942, company filed an amendment to its registration statement, disclosing that the 30,000 shares of its cumulative preferred stock, series A, $100 par, proposed to be offered to the public, will bear a dividend rate of 4½% per annum.

Offered Feb. 25, 1941, at $102.50 per share.

RELIANCE ELECTRIC & MANUFACTURING CO.

Reliance Electric Manufacturing Co. filed registration statement with SEC for 7,500 shares of $5 Cumulative Convertible Preferred Stock, no par value; and 37,500 shares of common stock, $5 par value, the latter to be reserved for issuance upon exercise of the conversion privilege of the preferred stock.

Address—Cleveland, Ohio.

Business—Engaged in the manufacture and sale of electric motors, generators, motor-generator sets, mine motors, etc.

Underwriting and Offering—The preferred stock will be offered to the public; offering price and names of the underwriters will be supplied by later amendment.

Proceeds will be used to restore cash reserve of company, and for working capital.

Registration Statement No. 2-4933. Form A2 (1-24-42-Cleveland)

Amendment filed Feb. 5 naming Hayden, Miller & Co. as principal underwriter.

Registration Effective 4.45 p.m. E. S. War Time on Feb. 16, 1942.

Offered Feb. 17, 1942, at $98 per share plus divs.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SUNDAY, MARCH 1

GROUP SECURITIES, INC.

Group Securities, Inc., has filed a registration statement with the SEC for 5,620,000 shares of capital stock, 1 cent par value

Address—1 Exchange Pl., Jersey City, N. J.

Business—Company is a mutual investment company

Underwriting and Offering—The shares registered will be sold to the public at asset value plus a distribution charge; Distributors Group, Inc., is the underwriter

Proceeds will be used for investment purposes

Registration Statement No. 2-4944. Form A-1 (2-10-42)

STATE STREET INVESTMENT CORP.

State Street Investment Corp. has filed a registration statement with the SEC for 53,095 shares of common stock, no par value, for an aggregate amount of $3,229,769.

Address—Boston, Mass.

Business—Company is an investment trust.

Underwriting and Offering—The shares will be offered at market. Discount to be allowed on single transactions involving $100,000 or more. Massachusetts Distributors, Inc., is the underwriter.

Proceeds will be used for investment purposes.

Registration Statement No. 2-4945. Form A1 (2-10-42)

TUESDAY, MARCH 3

LACLEDE GAS LIGHT CO.

The Laclede Gas Light Co. has filed a registration statement with the SEC for Certificates of Deposit for $10,000,000 of outstanding (with the public) Refunding & Extension Mortgage 5% bonds, dated Apr. 1, 1904.

Address—St. Louis, Mo.

Business—Engaged in the gas utility business within the city limits of St. Louis, Mo.

Offering—The Certificates of Deposit will be issued to holders of the above bonds in order to represent the deposit of said bonds under a Plan and Agreement dated Feb. 15, 1942, providing for the extension of the maturities of said bonds to Apr. 1, 1945. No underwriting involved.

Registration Statement No. 2-4946. Form A2 (2-12-42)

WEDNESDAY, MARCH 4

AXTON FISHER TOBACCO CO.

Axton Fisher Tobacco Co. filed a registration statement with the SEC for aggregate of 149,944 shares 5% cumulative prior preferred stock, $25 par.

Address—Louisville, Ky.

Business—Engaged in the manufacture of cigarettes (Clown, Spud, and Twenty Grand) and various brands of smoking and chewing tobaccos.

Offering—The 149,944 shares new preferred stock will be issued under a plan of recapitalization, as follows: (1) 56,544 shares in exchange for 14,136 shares outstanding 6% preferred stock on basis of 4 shares new preferred stock plus $17.25 cash for one share of old 6% preferred stock; (2) 54,558 shares in exchange for 45,465 shares outstanding Class A common stock on basis 1 1/5 shares new preferred stock plus $16 cash for one share Class A common stock; and (3) 38,852 shares will be sold first to stockholders of company other than Transamerica Corp., parent company, at $25 per share, with the unsubscribed portion to be sold to Transamerica Corp. at same price. The cash payments in (1) and (2) exchange offers represent unpaid cumulative dividends to Dec. 31, 1941; in connection with offering under (3) above, a cash offer is also to be made in an amount necessary to cover cash payments in the above exchange offers.

Registration Statement No. 2-4947. Form A2 (2-13-42—San Francisco)

TUESDAY, MARCH 10

LOUISVILLE TRANSMISSION CORP. (KY.)

Louisville Transmission Corp. (Ky.) has filed a registration statement with the SEC for $3,850,000 of First Mortgage Sinking Fund bonds, due Mar. 1, 1967. Interest rate will be supplied by amendment.

Address—311 W. Chestnut St. Louisville, Ky.

Business—Incorporated in Kentucky on Dec. 2, 1941, as a subsidiary of Louisville Gas & Electric Co. Company will construct and own a 154,000 volt double circuit transmission line from a point on the site of the Paddy's Run generating station of the parent company, near Loouisville, Ky., to a point known as Green River Crossing in Hart County, Ky. (approximately 67 miles) where it will connect with a transmission line which the Tennessee Valley Authority will construct to such point from its South Nashville substation near Nashville, Tenn. (about 105 miles). Company will also construct and own terminal facilities at the parent company's generating stations, together with transmission lines which, together with 10 miles of transmission lines to be constructed by company's wholly-owned subsidiary, Louisville Transmission Corp. (Indiana), will complete the tie-in with Louisville Gas & Electric's system and a transmission system of Public Service Co. of Indiana. Purpose of such construction is to make available to the TVA 1,400,000,000 kilowatt hours of electrical energy per annum from the interconnected system of Louisville Gas & Electric Co., the TVA and four non-affiliated electric companies.

Underwriting and Offering—The bonds will be sold under the competitive bidding rule of the Holding Company Act; public offering price, names of underwriters, will be supplied by amendment.

Proceeds will be used to pay for the cost of the above construction program.

Registration Statement No. 2-4948. Form A1 (2-17-42)

SUNDAY, MARCH 15

MONSANTO CHEMICAL CO.

Monsanto Chemical Co. filed a registration statement with the SEC for 35,000 shares of $4 cumulative preferred stock, Series C, no par value

Address—1700 S. Second St., St. Louis, Mo.

Business—Company and its subsidiaries are engaged in the manufacture and sale of a widely diversified line of chemical products

Underwriting—Smith, Barney & Co., New York, is the sole underwriter

Offering—The 35,000 shares of preferred stock will be offered to the public, at a price to be supplied by later amendment

Proceeds will be added to cash funds of company, to be used for working capital and expansion purposes

Registration Statement No. 2-4949. Form A2 (2-24-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendments filed Nov. 21, Dec. 8, and Dec. 26, 1941, to defer effective date

Amendments filed Nov. 21, Dec. 8, Dec. 26, 1941, Jan. 12, Jan. 29, Feb. 7 and Feb. 16, 1942 to defer effective date

ATLANTIC CITY ELECTRIC CO.

Atlantic City Electric Co. filed a registration statement with the SEC for 62,000 shares of Cumulative Preferred Stock, $100 par; dividend rate will be furnished by amendment

Address—Atlantic City, N. J.

Business—This subsidiary of American Gas & Electric Co. is engaged in the generation, transmission, distribution and sale of electric energy in the southern part of New Jersey, including Atlantic City, and is also engaged in furnishing hot water heating service in a limited area in Atlantic City and steam for heating to two customers at its Atlantic City plant. About 99% of gross revenues are derived from electric service

Underwriting and Offering—As soon as practicable after the registration statement becomes effective, company proposes publicly to invite proposals for purchase of 49,000 shares of the new preferred stock, under competitive bidding rule of Holding Company Act. Provision is made that the remaining 13,000 shares of new preferred stock registered will be offered under an Exchange Offer, as follows: holders of the 26,283 shares of $6 preferred stock held by the public will be entitled to receive one share of new preferred stock for each share of $6 preferred stock exchange, plus an amount in cash per share equal to the excess of the redemption price of $120 per share of the $6 preferred stock, plus accrued dividends to the date of redemption, over the initial public offering price of the new preferred stock. The exchange offer will expire not later than the fifth day after such offer is made. Should holders of the $6 preferred stock held by the public take more than 13,000 shares of new preferred stock under the Exchange Offer, then the number of shares of new preferred stock to be sold under competitive bidding will be reduced by such excess; and if less than 13,000 shares of new preferred are taken under the Exchange Offer, then the successful competitive bidders will have the option to purchase the additional shares represented by such deficiency at the same price per share as they have bid for the other shares

Public offering price, and the names of the underwriters, will be supplied by amendment

Proceeds from sale of the 62,000 shares new preferred stock, plus a capital contribution in cash of $2,500,000 to be made to company by American Gas & Electric Co., the parent company, will be used for following purposes: $3,059,200 to purchase from American Gas & Electric Co. 30,592 shares of $6 preferred stock (at its cost); $3,153,960 to be deposited with the redemption agent, for the redemption of 26,283 shares of $6 preferred stock (to be called for redemption at $120 per share), outstanding in the hands of the public: $2,500,000 to discharge open account indebtedness to American Gas & Electric Co.; and the balance for corporate purposes

Registration Statement No. 2-4941. Form A2 (2-2-42)

Registration Effective 12:30 p.m. E. War Time on Feb. 14, 1942.

Public Invitation for Proposals—Company is inviting sealed, written proposals for the purchase from it of 49,000 shares of its cumulative preferred stock, par $100, out of a total authorized issue of 62,000 shares, of which 26,283 shares (including 13,283 shares subject to proposals) are proposed to be offered by the company in exchange to the public holders of its outstanding $6 preferred stock. Such proposals are to be presented to the company, at the office of American Gas and Electric Service Corp., 30 Church St., New York, before 12 noon Eastern War Time on Feb. 24, 1942. Proposals will be considered only from persons who have received copies of the prospectus and only if made in accordance with and subject to such terms and conditions.

No bids were received Feb. 24 for the issue. Groups formed to compete for the shares withdrew in the face of the general market uncertainty.

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — **513 Majestic Bldg., Denver** Colo.

Business—Mining and milling

Underwriter—None

Offering—**Stock will be offered publicly at $1 per share, selling commission 15%**

Proceeds — **For development equipment and operation mining property near** Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

Amendments filed Dec. 3, Dec. 31, 1941 and Jan. 19, 1942 to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendments filed Nov. 18, Dec. 6, Dec. 24, 1941, Jan. 12, Jan. 31 and Feb. 19, 1942, to defer effective date.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. **Form A2.** (9-17-41)

Amendments filed Nov. 27, Dec. 15, 1941. Jan. 2, Jan. 20, and Feb. 6, 1942 to defer effective date

GENERAL FINANCE CORP.

General Finance Corp. filed registration statement with SEC for 176,854 shares common stock, $1 par

Address—184 W. Lake St., Chicago, Ill.

Business—Company and subsidiaries engaged principally in discounting installment notes receivable secured by automobile conditional sales contracts and chattel mortgages, and advancing funds to automobile dealers on their short-term interest bearing notes secured by automobiles. Due to recent prohibition of sale of new automobiles and new tires,, company proposes to amend its charter so as to broaden the scope of its authority to do business

Underwriting—None

Offering—The 176,854 shares of common stock are reserved for issuance upon the exercise of certain outstanding Common Stock Purchase Warrants, latter entitling holders thereof to purchase 176,854 shares of common stock of company at price of $4 per share, during period from Mar. 4, 1942 through March 4, 1947. Such warrants as filed and 176,854 shares of 5% preferred stock were issued to preferred and common stockholders of Utility and Industrial Corp. pursuant to merger agreement. It is estimated that total number of warrants ultimately to be outstanding will represent the right to purchase approximately 140,710 shares.

Proceeds will be added to working capital

Registration Statement No. 2-4936. Form A2 (1-28-42)

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment filed Jan. 29 and Feb. 16, 1942 to defer effective date.

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendments filed Jan. 8, Jan. 24 and Feb. 2, 1942 to defer effective date.

ILLINOIS COMMERCIAL TELEPHONE CO.

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost. Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendments filed Nov. 26, Dec. 15, 1941, Jan. 2, Jan. 21 and Feb. 7, 1942 to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol, Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich, Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters, who are to acquire such shares as follows: Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2. (12-6-41)

Amendments to defer effective date filed Dec. 22, 1941, Jan. 9, Jan. 27 and Feb. 14, 1942.

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse, Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—**Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock**

Calendar of New Security Flotations

Registration Statement No. 2-4717. Form A-2. (3-29-41)

Registration statement withdrawn Feb. 17, 1942.

LERNER STORES CORP.

Lerner Stores Corp. has filed a registration statement with the SEC for $2,000,000 Ten Year Sinking Fund Debentures, due Jan. 1, 1952. Interest rate by amendment

Address—Baltimore, Md., and New York City

Business—This holding company operates, through its subsidiaries, a chain of 178 retail stores selling women's wearing apparel at moderate prices on a cash and carry basis

Underwriting — Merrill Lynch, Pierce, Fenner & Beane, of New York, are principal underwriters; others will be named by amendment

Offering—The Debentures will be offered to the public at a price to be supplied by amendment

Proceeds will be advanced to Associated Lerner Shops of America, Inc. (N. Y.), which will use the net proceeds so advanced as additional working capital or will advance all or a part thereof to other subsidiaries for use as additional working capital

Registration Statement No. 2-4939. Form A2 (1-31-42)

Registration statement withdrawn Feb. 19, 1942.

LIBERTY AIRCRAFT PRODUCTS CORP.

Liberty Aircraft Products Corp. filed registration statement with SEC for 60,000 shares Cumulative Convertible Preferred Stock, no par (dividend rate to be supplied by amendment), and 120,000 shares $1 par value common stock, latter to be reserved for issuance upon exercise of conversion rights of the preferred stock

Address—Farmingdale, N. Y.

Business—Engaged in manufacture and processing of parts and equipment for aircraft to customers' specifications, upon order. Owns about 50% of the outstanding common stock of The Autocar Co., which is engaged chiefly in the manufacture and sale of medium and heavy-duty motor trucks

Offering—The preferred stock will be offered to the public at a price to be supplied by amendment; the proposed maximum offering price, based on the SEC filing fee, is $25 per share

Underwriting—E. H. Rollins & Sons, Inc., New York, is named principal underwriter; names of the other underwriters will be supplied by amendment.

Proceeds will be used to the extent of $900,000 toward part payment of outstanding bank loans, and the balance will be added to working capital

Registration Statement No. 2-4934. Form A2 (1-28-42)

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅙ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and de- and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅙ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

Effective—4:45 **P.M., E.S.T., on Oct. 8, 1941 as of 4:45 P.M., E.S.T., Oct 6, 1941.**

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendments filed Jan. 10, Jan. 26 and Feb. 11, 1942 to defer effective date.

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered **710,500** shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production **and** transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding by North American Light & Power Co. and are to be offered to public for the account of American Light & Power Co

The 355,250 additional shares orginally registered with the SEC on April 21, 1941 for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., **a subsidiary** of United Light & Power Co.

PENNSYLVANIA ELECTRIC CO.

Pennsylvania Electric Co. registered with SEC $32,500,000 first mortgage bonds, due Jan. 1, 1972, and 34,000 shares Series A cumulative preferred stock, $100 par. The interest rate on the bonds and the dividend rate on the preferred stock, will be supplied by amendment to the registration statement

Address—222 Levergood St., Johnstown, Pa.

Business—This company, controlled by Trustees of Associated Gas & Electric Corp., is engaged chiefly in the production, purchase, transmission, distribution and sale of electricity for lighting, heating, industrial and general utility purposes, serving a territory in Western Pennsylvania extending from the Md.-Pa. State line northerly to Lake Erie

Underwriting and Offering—The bonds and preferred stock will be sold by company under competitive bidding rule U-50 of SEC's Public Utility Holding Company Act. Names of underwriters and public offering prices will be supplied by amendment to registration statement. The Invitations to bid for the securities specify that the company is to receive not less than 103 for the bonds and not less than $100 per share for the preferred stock

Proceeds will be used to redeem all of the outstanding funded debt of the company and Erie Lighting Co. and for property additions

Registration Statement No. 2-4929. Form A2 (1-9-42)

Registration Statement fully effective 4:45 p.m. E. S. War Time on Feb. 18, 1942.

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters, and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds, plus other funds of company if necessary will be applied to redemption, within 40 days after issuance of the bonds, of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds, due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

Registration Statement No. 2-4893. Form A2. (11-22-41)

Effective—10 a.m. E.S.T. on Dec. 6, 1941 No bids for the purchase of the bonds were received on Dec. 16, 1941

SCHENLEY DISTILLERS CORP.

Schenley Distillers Corp. filed a registration statement with the SEC for $10,000,000 10-year sinking fund debentures, due Jan. 1, 1952, and $17,500,000 15-year sinking fund debentures, due Jan. 1, 1957. Interest rates will be supplied by amendment to registration statement

Address—350 Fifth Ave., New York City

Business—Company and its subsidiaries are engaged generally in the distilling, blending, rectifying, producing, warehousing, bottling, buying, selling, exporting and importing alcoholic products for beverage purposes, principal business being production and sale of rye, bourbon and blended whiskies in the United States

Underwriting—Mellon Securities Corp., Pittsburgh, is named principal underwriter; names of others will be supplied by amendment

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds from sale of the debentures, together with the net proceeds of unstated amount of short-term bank loans to be procured by company prior to or concurrently with the issue of the debentures, will be applied to payment of all the present bank loans of company Amount of such bank loans outstanding on Aug. 31, 1941, was $24,000,000

Registration Statement No. 2-4925. Form A2. (12-30-41)

The Schenley Distillers Corp. on Feb. 13 filed an amendment, disclosing that it now proposes to issue only $15,000,000 of debentures instead of an aggregate of $27,500,000 contemplated in the original registration statement filed on Dec. 30.

According to the amendment, the company will offer $15,000,000 of 10-year 3¾% sinking fund debentures due on Feb. 1, 1952, in lieu of the $10,000,000 of 10-year 3¼% sinking fund debentures due on Jan. 1, 1952, and $17,500,000 of 15-year 4% sinking fund debentures due on Jan. 1, 1957. The debentures will be offered at a price to be supplied by later amendment. The underwriting commission will be 1¾%.

The names of the underwriters of the debentures, and the amounts to be purchased by each, are as follows:

Underwriter	Amount
Mellon Securities Corp.	$2,000,000
Alex. Brown & Sons	200,000
A. C. Allyn & Co., Inc.	225,000
Blair & Co., Inc.	250,000
Blyth & Co., Inc.	825,000
Bonbright & Co.	400,000
Central Republic Co.	225,000
Dillon, Read & Co.	1,100,000
Emanuel & Co.	200,000
Estabrook & Co.	225,000
First Boston Corp.	825,000
Hallgarten & Co.	225,000
Harris, Hall & Co., Inc.	400,000
Hayden, Miller & Co.	150,000
Hemphill, Noyes & Co.	350,000
J. J. B. Hilliard & Son	125,000
W. E. Hutton & Co.	300,000
Jackson & Curtis	225,000
Kidder, Peabody & Co.	400,000
Kuhn, Loeb & Co.	1,100,000
Lazard, Freres & Co.	400,000
Lee Higginson Corp.	350,000
Carl M. Loeb, Rhoades & Co.	250,000
Laurence M. Marks & Co.	125,000
Merrill Lynch, Pierce, Fenner & Beane	250,000
Moore, Leonard & Lynch	125,000
F. S. Moseley & Co.	250,000
Paine, Webber & Co.	250,000
Parrish & Co.	125,000
Riter & Co.	225,000
Schwabacher & Co.	200,000
Shields & Co.	400,000
Singer, Deane & Scribner	125,000
Stein Brothers & Boyce	225,000
Stone & Webster and Blodget, Inc.	400,000
Stroud & Co., Inc.	150,000
Tucker, Anthony & Co.	400,000
Union Securities Corp.	400,000
Wertheim & Co.	350,000
Whiting, Weeks & Stubbs, Inc.	250,000

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $8 par value

Address—1400 Main St., Columbia, S. C.

Business—Engaged principally in the writing of fire insurance

Underwriting and Offering—The shares will first be offered for subscription to present stockholders, under their preemptive rights, at price of $16 per share. Unsubscribed portion of such shares will be offered to public at $18 per share, within 30 days after effective date of registration statement. Underwriters will be named by amendment; underwriting commission will be $2 per share

Proceeds will go directly to capital ($100,000) and the residue to surplus. Company deems it essential to comply with laws of New York State, soon to become effective requiring a minimum capital of $250,000 and with the laws of Massachusetts requiring a minimum capital of $300,000

Registration Statement No. 2-4898. Form A2. (11-27-41)

Amendments filed Dec. 16, 1941, Jan. 3, Jan. 22 and Feb. 10, 1942 to defer effective date.

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., filed a registration statement with the SEC for 5,000 shares Class A common stock, $1 par value, and 60,000 shares Class B common stock, $1 par value

Address—Danville, Va.

Business—Company markets Panax Processed Pinehurst cigarettes, manufactured for company under its Panax Process by Axton-Fisher Tobacco Co., Inc. The Panax Process acts as a hygroscopic or moisture retaining agent. Panax is a demulcent—soothes the membranes of the throat, and is tasteless and oderless

Underwriting and Offering—The shares will be offered to the public at a price of $5 each for each class of stock, by John W. Yeaman, Martinsville, Va.

Proceeds will be used for plant additions, for purchase of additional equipment, and for working capital

Registration Statement No. 2-4928. Form A1 (1-9-42)

TEXAMERICA OIL CORP.

Texamerica Oil Corp. **registered with SEC** 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio, Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 **Form** A-1. (8-27-41)

Amendment filed Feb. 11 to defer effective date.

TREASURE MOUNTAIN GOLD MINING CO.

Treasure Mountain Gold Mining Co. filed a registration statement with the SEC for 150,000 shares common stock, 25 cents par value

Address—Denver, Colo.

Business—Company has been organized to develop and operate gold and silver mines on Treasure Mountain, in San Juan County, Colo.

Underwriting—None

Offering—Company will sell such shares directly to the public, at a price of 50 cents a share

Proceeds will be used for working capital

Registration Statement No. 2-4937. Form S3 (1-29-42)

Amendment filed Feb. 11 to defer effective date

TUNG GROVE DEVELOPMENT CO., INC.

Tung Grove Development Co., Inc., filed registration statement with the SEC for Contracts for sale of land and development of tung groves thereon, aggregating $450,000

Address—Ocala, Fla.

Business—Engaged in the planting, cultivation and care of tung groves on lands of others under contract or upon orders from such owners, in Marion and Citrus Counties, Fla. Business is now being expanded to include the purchase, sub-division and sale of lands in these counties for development in tung groves

Underwriting—Details of underwriting or distributing method to be employed, will be supplied by amendment

Offering—Company will offer, through the Contracts, land suitable for tung grove development, together with its contract for the clearing, planting and development of a tung grove thereon, in units of not less than 10 acres at a total price of $45 per acre, payable one-fourth down and the balance in 3 equal annual payments

Proceeds for working capital, as payment for land sold and for development work and materials

Registration Statement No. 2-4935. Form S2 (1-28-42)

Registration Effective but apparently deficient at 4.45 p.m. E. S. War Time on Feb. 16, 1942. A hearing has been set before the SEC for Mar. 3, 1942.

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Reed & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. Such underwriters, and the maximum number of shares of such common stock which each has agreed to purchase, are as follows:

	Shares
Dillon, Read & Co.	129,360
A. C. Allyn & Co., Inc.	24,255
Almstedt Brothers	2,695
Auchincloss, Parker & Redpath	5,390
Bacon, Whipple & Co.	5,390
Baker, Watts & Co.	5,390
Baker, Weeks & Harden	5,390
Ball, Coons & Co.	2,695
Bankamerica Co.	5,390
Bankers Bond & Securities Co.	2,695
Battles & Co., Inc.	2,695
Bear, Stearns & Co.	5,390
A. G. Becker & Co., Inc.	10,780
Blair, Bonner & Co.	2,695
Blair & Co., Inc.	13,475
Blyth & Co., Inc.	102,410
Bodell & Co., Inc.	8,085
Bond & Goodwin, Inc.	2,695
Y. E. Booker & Co.	2,695
Bosworth, Chanute, Loughridge & Co.	2,695
Alex. Brown & Sons	10,780
Burr & Co., Inc.	2,695
H. M. Byllesby & Co., Inc.	2,695
Frank B. Cahn & Co.	2,695
Central Republic Co.	24,255
Childress & Co.	2,695
Clark, Dodge & Co.	18,865
E. W. Clark & Co.	5,390
Coffin & Burr, Inc.	43,120
Cooley & Co.	2,695
Crago, Smith & Canavan	5,390
Curtiss, House & Co.	2,695
J. M. Dain & Co.	2,695
R. S. Dickson & Co., Inc.	5,390
Dominick & Dominick	53,900
Drexel & Co.	21,560
Eastman, Dillon & Co.	13,475
Eckhardt-Peterson & Co., Inc.	2,695
A. G. Edwards & Sons	8,085
Equitable Securities Corp.	5,390
Estabrook & Co.	13,475
Ferris Exnicios & Co., Inc.	2,695
First Boston Corp.	107,800
First of Michigan Corp.	8,085
Folger, Nolan & Co., Inc.	8,085
Francis, Bro. & Co.	18,865
Gatch Bros., Jordan & McKinney, Inc.	13,475
Glenny, Roth & Doolittle	2,695
Glore, Forgan & Co.	53,900
Goldman, Sachs & Co.	53,900
Graham, Parsons & Co.	13,475
Granbery, Marache & Lord	2,695
Green, Ellis & Anderson	5,390
Hallgarten & Co.	5,390
Harriman Ripley & Co., Inc.	83,545
Harris, Hall & Co., Inc.	24,255
Hawley, Shepard & Co.	2,695
Hayden, Miller & Co.	5,390
Hayden, Stone & Co.	8,085
Hemphill, Noyes & Co.	18,865
Hill Brothers	10,780
J. J. B. Hilliard & Son	2,695
Hirsch, Lilienthal & Co.	5,390
Hornblower & Weeks	10,780
E. F. Hutton & Co.	8,085
W. E. Hutton & Co.	10,780
Illinois Co. of Chicago	5,390
Jackson & Curtis	10,780
Johnston, Lemon & Co.	8,085
Edward D. Jones & Co.	8,085
Kidder, Peabody & Co.	43,120
Kuhn, Loeb & Co.	102,410
Ladenburg, Thalmann & Co.	43,120
W. W. Lanahan & Co.	2,695
W. C. Langley & Co.	43,120
Lazard Freres & Co.	24,255
Lee Higginson Corp.	24,255
Carl M. Loeb, Rhoades & Co.	2,695
Loewi & Co.	2,695
Mackubin, Legg & Co.	2,695
Laurence M. Marks & Co.	13,475
Mason-Hagan, Inc.	2,695
McCourtney-Breckenridge & Co.	2,695
McDonald-Coolidge & Co.	5,390
Mellon Securities Corp.	83,545
Merrill Lynch, Pierce, Fenner & Beane	16,170
Merrill, Turben & Co.	2,695
Metropolitan St. Louis Co.	16,170
Milwaukee Co.	5,390
Mitchum, Tully & Co.	10,780
Moore, Leonard & Lynch	5,390
Morgan Stanley & Co.	107,800
F. S. Moseley & Co.	24,255
Maynard H. Murch & Co.	2,695
G. M.-P. Murphy & Co.	10,780
Newhard, Cook & Co.	24,255
Newton, Abbe & Co.	5,390
The Ohio Co.	2,695
Otis & Co.	8,085
Pacific Co. of California	2,695
Page, Hubbard & Asche	2,695
Paine, Webber & Co.	10,780
Piper, Jaffray & Hopwood	5,390
Putnam & Co.	8,085
Rauscher, Pierce & Co., Inc.	5,390
Reinholdt & Gardner	10,780
Reynolds & Co.	5,390
Riter & Co.	24,255
Robinson, Rohrbaugh & Lukens	2,695
E. H. Rollins & Sons, Inc.	43,120
L. F. Rothschild & Co.	10,780
Schoellkopf, Hutton & Pomeroy, Inc.	8,085
Schwabacher & Co.	8,085
Chas. W. Scranton & Co.	8,085
Shields & Co.	83,545
I. M. Simon & Co.	13,475
Singer, Deane & Scribner	5,390
Smith, Barney & Co.	83,545
Smith, Moore & Co.	13,475
William R. Staats Co.	8,085
Starkweather & Co.	2,695
Stein Bros. & Boyce	5,390
Stern Brothers & Co.	10,780
Stern, Wampler & Co., Inc.	8,085
Stifel, Nicolaus & Co., Inc.	24,255
Stix & Co.	18,865
Stone & Webster and Blodget, Inc.	83,545
Stroud & Co., Inc.	5,390
Lowry Sweeney, Inc.	2,695
Spencer, Trask & Co.	83,545
Tucker, Anthony & Co.	24,255
Union Securities Corp.	102,410
G. H. Walker & Co.	83,545
Wells-Dickey & Co.	5,390
Whitaker & Co.	16,170
White, Weld & Co.	16,170
Whiting, Weeks & Stubbs, Inc.	8,085
O. H. Wibbing & Co.	2,695
The Wisconsin Co.	24,255
Dean Witter & Co.	43,120
Harold E. Wood & Co.	5,390

Offering of the shares has been indefinitely postponed.

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt **and $2,835,000 first mortgage bonds held by parent and associated companies, and for** construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendments filed Nov. 25, Dec. 13, Dec. 31, 1941, Jan. 19 and Feb. 7, 1942 to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed a registration statement with the SEC for: $22,800,000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5¼% cumulative preferred stock, $100 par

value; and 628,333 shares common stock, no par

Address—117 S. Washington St., Alexandria, Va.

Business—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Underwriting and Offering—The securities registered will be sold through competitive bidding, under the SEC's competitive bidding Rule U-50 of the Public Utility Holding Company Act. Only exception is confined to such shares of the new preferred stock as may be issued on a share for share basis (with a cash adjustment) to holders of the presently outstanding preferred stock who do not elect to take cash for their stock. Name of underwriters, and public offering prices for the securities, will be supplied by post-effective amendment to registration statement

Proceeds will be used as follows: The 628,333 shares of new no par common stock will first be issued to General Gas & Electric Corp. in exchange for the old common stock now held by General Gas & Electric Corp., and will be offered for sale through competitive bidding. The proceeds from the sale of the securities registered will be used to retire all of the outstanding long-term indebtedness of the company, its predecessor and constituent companies, and that of Virginia Public Service Generating Co. (a subsidiary), to make cash payments to its present preferred stockholders, and to provide company with funds for new construction

Registration Statement No. 2-4913. Form **A2**. (12-12-41)

Amendments to defer effective date filed Dec. 26, 1941, Jan. 10, Jan. 31 and Feb. 19, 1942.

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

N. Y. City Banks Adopt Defense Bond Plans

All the 51 commercial banks in New York County (Manhattan), estimated to have a total of 40,000 employees, have adopted voluntary payroll savings plans for the convenience of their employees in purchasing Defense Savings Bonds, Series E, out of income, it was announced on Feb. 18 by Eugene C. Donovan, President of the New York State Bankers Association. In many instances, Mr. Donovan stated, the banks have reported from 90 to 100% employee participation. Mr. Donovan also stated:

> Considering the large number of banks in the county and the amount of money represented by the aggregate of their payrolls, this action is a substantial contribution to the country's defense effort, but equally as important as the money contribution is the fact that this 100% record demonstrates an awareness on the part of these employees of the seriousness of our present national situation and of their willingness to carry part of the load.

Reporting on the association's current campaign to have every commercial bank in the State adopt voluntary payroll savings plans, Mr. Donovan said that as of Feb. 18 such banks had notified the association of the institution of payroll plans. Five counties in addition to Manhattan have reported 100% adoption by banks. They are Richmond, Chemung, Hamilton, Jefferson and Orleans.

War Victory Needs Expanded Production

America must face the fact that it can win the war only if it provides a greatly expanded production of military goods during the rest of 1942, Donald M. Nelson, Chairman of the War Production Board, told a conference of business paper editors and publishers. "Every weapon we make today is worth 10 that we might produce next year," Mr. Nelson said. "This year—1942—is the critical year in the existence of the United States. I'm not painting the picture darkly, but I do believe that we who know what American industry can do must look at the situation squarely and see what we can do to make up for lost time." Mr. Nelson continued:

> We've lost a lot of time because industry was fearful of what might happen after the war if all our productive facilities were over-expanded. Let's stop thinking about what we'll do when it's all over and start thinking about what we're going to do now to prevent it from being all over for us.
>
> We've wasted the golden months in which we could have got fully ready—the months in which we could have expanded our steel industry, our chemical industry, our copper industry, and all the others, so that we would have plenty of everything. But we still have ten silver months—the months which remain in 1942—and in them we can still do things that we never thought possible. The speed, energy, will and determination which we put into those months will determine what we'll think when those months are gone.

Getting maximum production at once, Mr. Nelson said, depends on these things:

> 1. Getting greater production out of the plants and machines which are now producing war goods. Even though the country today is producing a much greater volume of armaments than in 1918, he said, the present volume is not nearly so great as it must become.
>
> 2. Getting military production out of factories and machines which are now producing civilian goods—in other words, by conversion of industry to full war production.
>
> 3. Enlisting the services of small producers, through subcontracting and through the letting of prime contracts to groups of small manufacturers who have pooled their facilities.

Mr. Nelson further said:

> There isn't a single big producer who can't do more than he is doing now if he subcontracts part of the job. Industry itself must find the way to do that job. It must not make the mistake of relying on Government to do it, because we in Washington can't possibly do more than part of it. Industry has been lazy on this whole subject, because the job has looked pretty difficult. The day for that sort of laziness has passed.
>
> Industry's responsibility is great, in all of this. The job will take brains and initiative; but we can do it if we go out with a will, if we stop thinking about what we're going to do to the enemy in 1943 and start thinking about what we're going to do to him in February and March of 1942.
>
> This country today faces the most gigantic job any country has faced in all history. We must build a great armament program; we must make up, in less than two years, what the aggressor nations have done in ten years; we must make today the things we would be making next year if we had the time to spare.
>
> Of course we face many problems, obstacles and difficulties. We can and will solve them, if we face the job coolly and deliberately and with determination.

Views Price Control With Alarm—Tax Better

The importance of company reserves to meet present and post-war developments is stressed by Henry H. Heimann, Executive Manager of the National Association of Credit Men, in the Association's Monthly Business Review released on Feb. 16. According to Mr. Heimann "there is increased reason for reserves during this period, for loss vulnerability is growing because of the emergency-stimulated needs for greater amortization, depreciation, obsolescence and maintenance charges, and eventual necessity for restoration of facilities to pre-war types of activity." It was also stated in the Review that "peacetime opposition to excessive spending and the attendant tax burden must give way to endorsement of higher and higher taxes."

Commenting on the recently enacted Price Control Bill, and the need of combating inflation Mr. Heimann said that hand in hand with the military and naval campaigns, the United States must win both the battle of production and the battle against inflation.

Declaring that although on the home front our production campaign improves daily, Mr. Heimann added:

> Our peacetime defenses against our ancient monetary and credit enemy—ruthless inflation—have been outflanked, infiltrated, weakened.
>
> We have a mongrel Price Control Bill that is none too reassuring. Great open gaps in our price control defense line are labor and agricultural costs. We have proposed legislation to permit direct buying of government securities by our Federal Reserve system.
>
> We do not question the motive of this bill, nor doubt the determination of its sponsors to keep control. Yet we cannot escape the fact that history has revealed the danger inherent in the direct monetization of government debt by the banking system.
>
> Many unusual, portentous programs have already been adopted because of the war. Some are extraordinary, others unorthodox by peacetime standards. They are deemed essential to the prosecution of the war. We are all committed to every sound effort to win the war. Even some of the normal economic defenses may have to be replaced by, or adapted to meet new needs.

Analyzing today's credit situation, Mr. Heimann warns management against the "widespread impression that this year will witness a seller's market, since war production will expand consumer purchasing power tremendously."

Liquidate Sugar Contracts

The Board of Managers of the New York Coffee and Sugar Exchange adopted a resolution on Feb. 19 ordering that all Exchange Sugar Contracts No. 3 outstanding at the close of business on Feb. 20 shall be liquidated at the ceiling price fixed by the Federal Office of Price Administration prevailing at the close of business that day. This action, says the announcement of the Exchange, was necessary in view of the fact that the order of the War Production Board, conserving the supply and directing the distribution of raw sugar, rendered impossible the performance by delivery of Sugar Contract No. 3.

The WPB's order was reported in these columns Feb. 19, page 783.

Jan. Construction Ahead

Building and engineering contracts awarded in the 37 Eastern States during the month of January amounted to $110,846,000, according to the F. W. Dodge Corporation. This represented a moderate increase over the $305,204,000 recorded for January of last year. In dollar volume, non-residential building was up 40% from the corresponding month of 1941, residential building was down 8%, and public works and utilities construction (heavy engineering) was up 21%. The announcement added:

> While new residential building exclusive of hotel, barracks and dormitory projects, decreased 17% in dollar volume from January of last year, the decline in number of new family dwelling units contracted for was less than 2%, a lower average contract price per unit, reflecting the shift of the residential building program to low cost defense housing units.

Commenting on the January construction record, Thomas S. Holden, President of F. W. Dodge Corporation, stated: "While the contract volume for the month showed a slight increase over January of last year, it fell considerably behind the $500,000,000 average monthly volume for 1941, and also measurably behind the December, 1941 figures. Apparently this is entirely due to the fact that this year's big war construction program has as yet been only partially scheduled by the War Production Board. It is generally anticipated that this year's total construction volume will approximate that of 1941, the post-depression record year."

Vetoes Guayule Rubber Bill—Urges Revisions

President Roosevelt vetoed on Feb. 17 legislation providing for the planting of guayule and other rubber-bearing plants because it applied to the United States alone. The President recommended that the promotion of guayule cultivation, in order to make available a source of crude rubber for emergency and defense uses, be extended to include all of the American republics. He objected to limiting it to the United States on the ground that it "would contradict the spirit" of the continental solidarity resolution adopted at the recent conference at Rio de Janeiro and also because it "would seriously handicap our joint war effort."

Acting to meet the President's objection, the Senate on Feb. 19 approved a bill authorizing the planting of 75,000 acres of land to grow guayule anywhere in the Western Hemisphere. This bill is the same as the original one passed by the Senate on Jan. 15; however the House amended that measure on Feb. 5 to limit planting to the United States and the Senate concurred in the amendment on Feb. 9, thus completing legislative action on the original bill.

The President's veto message follows, in part:

> In the establishment of sources of crude rubber for emergency and defense uses it is vital that all potential rubber-producing areas in the Western Hemisphere be developed regardless of whether within or without the United States. The present bill excludes important sources and we cannot afford to neglect any opportunity to obtain maximum supplies of crude rubber.
>
> On Jan. 28, 1942, at the third meeting of the Ministers of Foreign Affairs of the American Republics in Rio de Janeiro, Brazil, there was passed unanimously by the 21 American Republics a resolution that continental solidarity be translated into positive and efficient action in the obtaining of strategic materials. Rubber, of course, is one of the most important of these materials, and this bill provides that guayule shall be a source of crude rubber for emergency and defense uses.
>
> This bill, as it was amended by the House to limit the promotion of guayule cultivation to the United States, would contradict the spirit of the resolution and seriously handicap our joint war effort.
>
> Areas in this hemisphere outside of United States, where the guayule plant is indigenous, are adapted to its cultivation and it is desirable that the provisions of this bill be extended to include those countries.
>
> In order to avoid delay, I recommend that the Congress give immediate reconsideration to the proposal and take prompt action on a bill similar to the bill in question but applicable to all the American republics.

Straus Resigns From USHA

President Roosevelt accepted on Feb. 17 with regret the resignation of Nathan Straus of New York as Administrator of the United States Housing Authority. Mr. Straus had tendered his resignation on Jan. 5, but the President deferred its acceptance. In his letter of resignation, Mr. Straus said that his continuance in the USHA office would mean "the enactment of housing legislation that will jeopardize our war effort and will blight the face of America with the scourge of new slums." He charged that "the ownership and operation of slums is still one of the largest and most profitable industries in America." Mr. Straus further stated that he had been informed on "unimpeachable authority" that unless he resigned the enemies of slum-clearance in the House would insist on provisions in the defense housing bill which would result in slums that would "blight our nation for generations to come."

In accepting the resignation, the President assured Mr. Straus of his "heartfelt appreciation of your fidelity, your industry and your efficiency." He added:

> Yours has been a most valuable contribution to one of the important reforms of our generation. You have been a trail-blazer in seeking and applying the remedy for slum-clearance. Under your enlightened leadership squalid dwellings were replaced in many communities by healthful and wholesome living accommodations.
>
> Much remains to be done, but you have shown how it can be done, and your achievements will stand as an example which communities in all parts of the country can study with profit in their efforts to solve simliar housing problems.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Feb. 20 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated Feb. 25 and to mature May 27, 1942, which were offered on Feb. 81, were opened at the Federal Reserve Banks on Feb. 20. The following details of this issue are revealed:

Total applied for	$385,802,000
Total accepted	150,445,000

Range for accepted bids:

High—99.950. Equivalent rate approximately 0.198%.

Low—99.929. Equivalent rate approximately 0.281%.

Average Price—99.933. Equivalent rate approximately 0.266%.

(34% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 25 in amount of $200,026,000.

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Wall Street Riders Will Hold Gymkhana

The Wall Street Riding Club will hold its Sixth Annual Gymkhana at its ride headquarters, Aylward's Riding Academy, 32 West 67th Street, New York, N. Y., on Friday evening, Feb. 27th, at 9.15 p.m.

A gala evening is planned with events on horseback including balloon race, musical chairs, potato race, honeymoon race, relay race and saddling contest. Following the events a party will be held in the clubrooms.

A number of service men have been invited as guests through the New York City Defense Recreation Committee.

Miss Marie R. Cambridge is Chairman of the Committee. Assisting her are Misses Regina Hankinson, Carolyn Kennedy, Mildred M. Butler, Loraine Ross, Frances Weller, Roberta Hopper, Lynn Keene; Messrs. William Salisbury, Wesley Ellmyer, Manfred Sobernheim and Joseph Landsberg.

G. Donovan Elected Schering Corp. V.-P.

Gerald E. Donovan, Vice-President of Schroder Rockefeller & Co., investment banking firm of New York City, has been elected Vice-President and Director of the Schering Corp., Bloomfield, N. J., manufacturers of pharmaceutical products, specializing in research and development of new medical products. Mr. Donovan will be in charge of financial operations.

The Treasury Department had suspended on Jan. 29th all executives of the Schering Corp. who had been associated with the firm in Germany in order to eliminate all former ties and place the Schering Corporation in absolute American control, enabling them to exchange pharmaceutical secrets on vital drugs with the United States Government.

William Mee Vice-Pres. Of Thompson, Davis Co.

CHICAGO, ILL.—William R. Mee has become associated with Thompson, Davis & Phipps, Inc., as Vice-President in charge of the Bloomington, Ill., office, Greishiem Building. Mr. Mee was formerly a partner in Laing, Mee & Co., of Peoria, and recently served as Secretary of the Eighth District of the National Association of Securities Dealers, Inc.

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Our Reporter On "Governments"

One thing this last Friday-the-13th financing did accomplish was to bring switching and arbitraging back to the active stage again. . . . For the first time in months, there are some excellent switching opportunities in the U. S. Government market. . . . Switches designed for virtually any type of portfolio, insurance company or bank. . . .

A major cause for the renewed business, of course, is the unsettlement in the market brought on by the 32% allotment basis on the financing. . . . The market weakened considerably after that deal. . . . The situation actually was much worse than quoted prices showed, for dealers were badly disturbed, bids were dropped sharply within a few hours after the over-subscription total was announced. . . . The Federal Reserve Banks first indicated they would support the market, then came in with buying totaling $7,405,000 in the week ended last Wednesday. . . .

And that support plus the unsettlement plus the emphasis on the "par" level as the bottom for recently-sold new issues have given us the new switching chances. . . .

Here they are:

Sell the taxable 2s of 1955/51, buy the new taxable 2¼s of 1955/52. . . .

The 2s are being kept at par. . . . That's the support level and it's worth remembering this point even while you forget many other technical considerations. . . . The 2s have a call date of Dec. 15, 1951. . . . At 100, the yield is 1.99% to that date. . . .

The 2¼s are selling at this writing at 100.17. . . . They probably will be above that price when you read this but for switching purposes, today's comparisons will be as good as those possible in the next few days. . . . The 2¼s have a call date of June 15, 1942. . . . Only six months longer than that of the 2s. . . . At 100.17, the yield is 2.19 to call date. . . .

In other words, the 2s are over-priced at this time. . . . To maturity date, the yield on the 2s is 1.99, the yield on the 2¼s is 2.20%, so the differentials remain about the same. . . .

The 2s will continue over-priced until the market rises generally and the 2¼s move away from the 2s. . . .

There's no reason why you shouldn't take advantage of this situation at the moment to improve your own position. . . .

Now Here's Another

On the next switch, your own portfolio position and general feeling on the market's outlook are more important. . . .

The idea is to sell the 2½s of 1955/52 and buy the 2½s of 1954/52. . . . You raise your current coupon by ¼%, shorten your maturity from June 15, 1955 to March 15, 1944, lift your cost only from 100.17 to 103.4. . . . The cost increase may be justified on the basis of increase in current coupon and shortening of maturity . . . Yield to call date is about the same. . . .

Look around for more switches. . . . You're likely to find some good ones. . . . Perhaps out of the 2¼s and into the 2½s of 1972/67, for instance. . . . That's been a fairly popular move in the last few sessions, although it may not turn out so excellently if the Treasury's next financing is in the form of long-term 2½. . . .

Reserve Requirements

The "feeler" is out again for an increase in excess reserves through lowering of reserve requirements of member banks. . . . Story is rumor was started officially in order to turn last week's sluggish market into a more attractive affair. . . . The rumor "worked," as rumors of support are wont to do these days. . . . Recently, just talking about official control has made the official control unnecessary. . . .

If done—and it could be done without red tape, for all the board would have to do to lower requirements is to announce the move—an expansion of about $1,000,000,000 in the total is looked for. . . . That would increase excess reserves to above $4,400,000,000—and take care of any stringency brought about by the booming money circulation figures. . . .

If done, the reason would be stimulation of the Government market, of course. . . . Which suggests postponement of the actual move until next month or even thereafter, so that the timing would coincide with the next financing announcement. . . .

The Allotments

Allotments of 32% on the last issue of 2¼s definitely shocked investors, even though forecasts of 25 to 30% had been heard around Wall Street. . . . The figure establishes a record for financings under the Roosevelt Administration—the era of the building of the great Government market. . . . It compares with allotments of 7 and 8 and 10 and 12% on recent borrowings. . . .

What does it mean? It means the beginning of a new phase in Government financing tactics. . . . It means Secretary Morgenthau has finally found a way to eliminate free riding and while he has accomplished his objective, he has changed the character of his financings. . . . Of course, a three-fold oversubscription is encouraging. . . . But it's going to take the market a long time to get accustomed to this kind of figure as a sign of huge success. . . .

In the meantime, though, there's no reason to fear the stability of the Government mart. . . . It's under control. . . .

It will be kept under control. . . .

The interest cost level will be kept at 2½%, if the Treasury and Federal Reserve System can find any way to accomplish that. . . .

And now we're in for a rest period while the market gets back into shape and Morgenthau receives the tax payments. . . .

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Complete Program For ABA "Credit Clinic"

An extensive program has been completed for the Credit Clinic to be held by the American Bankers Association in New York City, March 4-6, at the Waldorf-Astoria Hotel, as announced by Henry W. Koeneke, A. B. A. President, who is President of the Security Bank of Ponca City, Ponca City, Okla. The program, which will deal with credit problems arising from the war emergency, is separated into three major divisions—agricultural credit, consumer credit and commercial loans. Each of these subjects will receive a full day of consideration in both the general sessions and informal discussion periods which have been arranged. In arranging the program, Mr. Koeneke said, emphasis has been placed on the fact that the clinic is to be a working conference for specific and detailed consideration of questions arising in bank operations under present war conditions. Speakers who will address the conference have been chosen for their practical knowledge of the subjects they will discuss, Mr. Koeneke added.

Addresses by bankers, Government officials and others prominent in business and finance will be featured during the morning sessions of each day of the clinic, and the afternoon sessions will be given over to smaller group discussions in which delegates attending the clinic will be free to express their opinions and pose questions. Some of those who will address the conference were indicated in our Feb. 19 issue, page 769.

Interested In Equalization

Paul Dysart & Associates, Kentucky Home Life Building, Louisville, Ky., have prepared a descriptive booklet on "equalization," an improved theory of market trends, spotting basic trends, secondary trends and distribution, copies of which may be had from them upon request.

Cavendish Opens

Robert E. Cavendish is engaging in a general securities business from offices at 522 Fifth Avenue, New York City.

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Boston Traders Party Pronounced Success

BOSTON, MASS.—The Eighteenth Annual Dinner of the Boston Security Traders Association on Feb. 20 was pronounced a huge success by the 250 members and out-of-town guests attending.

One of the guests of honor of the evening was Norman Hoffman, formerly of the First Boston Corporation, now serving as a lieutenant in the Navy. Lieut. Hoffman was stationed on the U. S. S. Oklahoma during the Pearl Harbor attack and when the order to abandon ship came was obliged to swim 275 yards to shore.

A feature of the dinner was the open trading in the defense bond market for series E bonds.

William Ferguson, Moors & Cabot, Boston, received a $300 bond. Richard Lynch, Boston was awarded a $100 bond.

Twenty-five dollar bonds were received by George N. Proctor, Proctor, Cook & Co., Boston; Frank E. Collins, du Pont, Homsey Co., Boston; Carl H. Peterson; Clifford Morse, F. L. Putnam & Co., Boston; Bishop, Wells & Co., Boston (two bonds); John R. Chapin, Kidder, Peabody & Co.; S. R. Melven, S. R. Melven & Co., New York (two bonds); Earl Le Beau, Boston; Frank S. Breen, Schrimer, Atherton & Co., Boston; W. B. Tucker, Bond & Goodwin, Inc., Boston; Mike Heeney, Joseph McManus & Co., New York (two bonds); Dorothy Clayton; Stanley Roggenburg, Roggenburg & Co., New York; Anton E. Homsey, du Pont, Homsey Co., Boston; Turner J. Kelley; A. F. Wilson; S. J. Florentine, New York; J. H. Goddard, J. H. Goddard & Co., Boston; T. C. Wolcott; T. W. Best, J. S. Flannagan; and W. N. Ferris, Jr., Chas. A. Day & Co., Boston, who donated his bond to the Association's Gratuity Fund.

Robt. Brooke, Jr., With Shields Bond Dept.

Robert H. Brooke, Jr., has become associated with Shields & Co., 44 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges. He will be in the municipal bond department in charge of trading. Mr. Brooke was formerly trader for the New York office of John Nuveen & Co., and prior thereto was with Goldman, Sachs & Co., Hale & Flash, Inc., and was manager of the Federal Land Bank Department for Webster, Kennedy & Co.

Final Edition
THURSDAY
In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 155 Number 4050
New York, N. Y., Thursday, February 26, 1942
Price 60 Cents a Copy

FROM WASHINGTON AHEAD OF THE NEWS

It is important, I think, that the attitude of Washington should be reported from week to week because it is the attitude in which Mr. Roosevelt and those others charged with the conduct of the war live. Naturally they are influenced by it. What may be the attitude out in the rest of the country is of small importance except to the extent that it is reflected in Washingon. It is too bad that this is so but nevertheless it is so and it is true of all countries which have permitted themselves to become bureaucracy ridden.

The attitude in Washington this past week has been, first, one of high revelry over the story in the Communist weekly, the "New Masses," that a Cliveden set has been holding forth. At the dinner tables of Washington, composed of members of Congress, bureaucracy and newspaperdom, this has been the occasion of much merriment.

"Are you a member of the Cliveden set?" one dinner companion will turn to the other and ask.

The funny thing about it is that few of these people read the "New Masses" and really know little about what its article said. The fact is that, apparently, Mr. Roosevelt or someone close to him had read the advanced proofs on it, and Mr. Roosevelt at his press conference on the day previous to the article's appearance denounced Washington's "Cliveden set." The "New Masses" is not read in Washington outside of New Deal circles. Few of the matrons at whose dinner tables the episode is brought up, realize that the "New Masses" had anything to do with the matter. Mr. Roosevelt denounced the Washington Cliveden set and thereupon official and semi-official Washington has something to talk about at the dinner tables for a couple of weeks, until he gives them something else to talk about.

Presumably, it was only a coincident that he brought up the subject a day before the Communist publication was to appear on the streets.

Then you begin to wonder whether this was simply coincidental. Mrs. Roosevelt, resigning

(Continued on Page 871)

On The Foreign Front

European Stock Markets

Small and irregular movements were recorded in recent sessions on the London Stock Exchange, the general level having fallen to the lows of last August, owing to the succession of military defeats in the East. There appears to be little tendency to bid prices up from such figures, for the time being, and trading is reported modest. Pronouncements by President Roosevelt and Premier Stalin aided the London market briefly, while references by Prime Minister Churchill to heavier shipping losses exerted a contrary effect.

Gilt-edged stocks have shown best results at London, early this week. Reinvestment of funds derived from requisitioned Indian and Canadian issues occasioned minor gains in high grade investment securities. Industrial and home rail stocks were dull throughout. Oil and rubber stocks continued to drift lower, save for a few Latin-Americans. South African gold mining shares likewise eased.

French markets are quite firm, according to belated reports from Vichy and other centers. The French tax on capital gains has been modified slightly, which increased the interest in some departments of the markets. A large new railway loan found ready buyers in unoccupied France, last week. The Axis controlled markets remain unreported.

The President Reports

In a radio address to the nation, last Monday, President Roosevelt made a sort of "progress report" on the war and disposed of some of the absurd rumors which have circulated increasingly since Dec. 7. Recalling the tribulations of General Washington and his Continentals during the Revolution, Mr. Roosevelt called upon his countrymen to exhibit today an equal fortitude in the face of momentary defeat and uncertainty. Our strength is increasing daily, he added, and soon we and not our enemies will have the offensive, will win the final battles and make the final peace.

Although the demand of the

(Continued on Page 870)

Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which have been designed to hold one month's issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City.

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THE FINANCIAL SITUATION

If the true inwardness of the President's first "progress report" Monday evening on the conduct of the war has reached or presently reaches into the inner consciousness of the rank and file in this country it has done so or will do so as a result of a broad understanding, not heretofore fully in evidence, of the fundamental nature of the task we have undertaken. We who have no farflung imperial interests to protect as do the British; we who profess to have, and for the moment at least probably have, no territorial ambition as do the Germans and the Japanese; we who traditionally have asked merely to be left in peace to work out our own destiny here in our own hemisphere; we who in the past have as a rule only asked that we be given equal treatment in the trade of other areas and other continents —we with this background have now, so far as world politics and the conduct of this war are concerned (although not, of course, in the older "land grabbing" sense), taken the globe as our domain, or at least as our responsibility.

We should obviously be sadly wanting in candor if we pretended that there are no patriotic Americans who doubt the wisdom of this course. It is, however, not our purpose here to pass judgment upon, but merely to state the fact and to call attention to some of the more significant implications as they concern our part in the world wide struggle now in progress. Unless they have these carefully in mind, many Americans have doubtless found, and will continue to find, some parts of the President's address lacking in point and the address as a whole wanting in certain qualities some observers at least had hoped to find in it—unless indeed they are ready to shed their blood and give of their energies and treasure without stint that some 425,000,000 Asiatics and much smaller numbers of natives in other parts of the world shall have one rather than another master.

It must, first of all, be carefully borne in mind that, whatever may be the reasons and whatever the ultimate results, we are at this moment actually fighting other peoples' wars. The President is right, now that we are actually in "shooting war" with Germany and Japan, in

(Continued on Page 853)

Mr. Henderson Is Right

I have made representations to the War Labor Board, that, in view of the supply situation which faces us, any general increase in basic wage rates will compound an already difficult problem in the price field. * * *

In this situation, the principle of adjusting wages to the cost of living should, in my opinion, be limited to those workers who are really on a sub-standard level. The spread between the wages in this group and the wages of the better paid, better organized workers should be reduced. If wage increases are permitted according to bargaining power, this spread will be increased. The strong bargainers will hold their standard of living at the expense of the others and those others will suffer a double burden, getting an even smaller piece of a smaller pie. * * *

I say to you deliberately that further increases in the purchasing power of agriculture cannot benefit agriculture as a whole, except for debt reduction, because the supply of commodities the farmer buys cannot be increased to match higher farm prices.

Farmers know the disaster that followed the peak prices of the last war and they want, I think, to prevent a repetition of the miseries of that period. As with labor increases, a hike in farm purchasing power will only increase the inflationary gap and compound our difficulties.—Leon Henderson.

Mr. Henderson is obviously on strong ground.

There are many in Washington, including the President, who might with profit emulate Mr. Henderson's forthrightness.

Dollar Depreciation Makes Under-Insurance

Merryle Stanley Rukeyser, economic commentator and author, in an address delivered last week before the New School for Social Research in New York declared that abnormal wartime conditions and the rise in the cost of living require a new orientation regarding their life financial plans by the 65,000,000 life insurance policyholders of the nation.

"The decline in the purchasing power of the dollar," Mr. Rukeyser, who is author of "Financial Security in a Changing World," declared, "tends to make the average policyholder under-insured. If policies should mature during the current abnormal period, the dollars contracted for may be insufficient to provide the standard of security intended for dependents or for the insured themselves in old age. More coverage, possibly in short term inexpensive policies, intended to tide the family over the abnormal hazards of the war period, is indicated.

"In more or less inflationary times, the insurance buyer should place emphasis on the indemnity factors in life insurance rather than the long term investment elements. This is especially true in periods when the benefit payments may be returned in dollars of diminishing purchasing power.

"Irrespective of the monetary factor, there is no suitable device other than life insurance for protecting the individual and his family from the risk of unpredictable timeing of individual death and accident. Common sense dictates that it is better for the individual, whose life tenure is uncertain, to contract for an array of dollars of varying purchasing power than to provide for no dollars at all in time of family crisis. The new optional settlements offered by life insurance companies enable policyholders to mitigate the inflationary risk by arranging for their dependents to receive serial beneficiary payments over an extended number of years, rather than in a lump sum at an unpredictable time of death which might occur at a time when the fluctuating dollar might conceivably be at a low ebb of purchasing power."

In dealing with the safety of life insurance, Mr. Rukeyser said that the TNEC investigation had uncovered no fundamental weaknesses in managerial technique which bear on this subject. The investigation primarily rather brought to light questions of ethics and procedure, which, though important, did not bear materially on the capacity of the great institutions to meet their contractual obligations. The amount of security which dollar promises of this type provide are conditioned rather by governmental policy affecting the rate of interest on invested funds, which has a bearing on the net cost of life insurance, and relating also to the purchasing power of the monetary unit. With insurance providing the equivalent of high grade bonds or dollar claims for the insured, he can further balance his investment diet by allocating part of his savings to so-called inflation hedges such as common stocks, convertible bonds, and selected real estate.

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

VOLUNTARY LIQUIDATION

	Amount
Feb. 16, 1942—The First National Bank of Mineral City, Ohio	$25,000

Effective Feb. 14, 1942.

Liquidating Agent: I. N. Sattler, Mineral City, Ohio. No absorbing or succeeding association.

Editorial—

Coin of the Realm

Hoarding of currency quite obviously is in progress on a considerable scale in the United States and poses a problem that already is under official study from various angles. Whether action will be taken to control the tendency possibly depends upon results of the quiet debate regarding the causes and extent of the hoarding, and the future currency trend naturally will be a further influence. This is not an easy question to answer, for blundering in such a sphere might conceivably entail disastrous consequences.

Facts of the matter are infinitely more complex than any simple statistical presentation might suggest. Currency in circulation now is reported at $11,339,000,000, which is far more than double the $5,058,000,000 maximum which sufficed for all business and other needs of the active decade of the 1920's. Even in the period that culminated in the 1933 bank holidays, when hoarding was rife, currency in circulation attained a maximum of only $7,538,000,000.

The bank holiday peak was not again attained until the holiday season at the end of 1939, but from that point on the rise has been phenomenal. Even billion dollar circulating levels were passed from eight billions to eleven billions on Aug. 28, 1940, April 30, 1941, Sept. 3, 1941, and Dec. 17, 1941. The level now indicated is the highest on record, for seasonal influences are almost nullified at present and every small recession quickly is followed by a fresh advance to record heights.

All of this might seem to constitute prima facie evidence of a vast hoarding tendency. The figures are so vast that it is indeed impossible to quibble with the contention that hoarding is taking place. Much of the circulation increase, it may be added, consists of large denomination bills, which are not ordinarily used for business transactions, but which are decidedly preferred by certain types of hoarders. The heavy outflow of United States currency to other countries, in the period leading up to the present war, was largely in the more sizeable bills.

Against the simple statistics it is necessary to place a variety of known influences making for rapid expansion of currency. The defense and war programs of the United States Government have tended to place dizzying amounts of money in hand-to-hand use. This is especially true since citizens enlisted and were inducted into the armed forces in enormous numbers. Anyone who has served in the armed forces is well aware that cash payments to the men keep large aggregates of currency moving, but the bills are entirely of small denominations.

Ordinary business has been stimulated vastly by the military program and requires more currency. The effect here is pronounced, the more so because many areas never regained adequate banking accommodations after the extensive bank closing of 1933. The social programs of the United States Government have placed large aggregate amounts of money in areas and in hands which were not previously accustomed to such circumstances. The banks, themselves, hold larger amounts of cash in their vaults, for numerous reasons.

Balancing the statistics against the reasons for a currency increase, some Washington monetary experts are questioning, privately, whether the hoarding has yet proceeded to the danger point. But the Federal Reserve Bank of New York entertains no such doubts, for the last monthly bulletin of that institution noted the hoarding of a "substantial" amount of dollars which could with advantage be invested in defense savings bonds. The bank rightly pointed out that hoards outside the banking system represent a wasted resource and urged that the idle currency be put to work.

Among the closer students of this problem there is a school, not yet very strong numerically, which holds that drastic action should be taken and taken soon to control the hoading trend. The powers granted in the 1933 banking crisis, for stringent control of currency withdrawals from banks, should be brought into use, according to this school.. It is argued that controls of this sort could be employed beneficially and without occasioning an opposite effect from that intended. Such views are neither advocated nor disputed here, for a deeper study of the question seems advisable before adequate conclusions are possible.

One of the more esoteric aspects of the problem concerns the influence upon currency of the increasing bootleg operations in liquors, and the "black markets" in some controlled commodities which are reputed to be developing here and there. Such operations and markets rely entirely upon cash, and they may be contributing more than most of us realize to the currency increase. Whether controls on currency withdrawals present an avenue for the control also of the illegal activities is an interesting but debatable point.

Also of a piece with the illegal dealings is a tendency, which some believe to be growing in these days of extraordinarily heavy and still waxing taxation, of doing ordinary business in cash with a view toward dodging the tax collector. Whether such reprehensible and unpatriotic tendencies could be halted or modified by currency controls again is a matter that requires the most penetrating thought and study. For any action taken with respect to the currency must be carefully conceived in theory and executed with equal judgment, lest evil effects outweigh the good intended.

Editorial—

Frederick D. Underwood And His Times

Few of those who learned through the daily press of the death, on Wednesday of last week, of Frederick D. Underwood, "F. D." to a huge number of admiring and affectionate subordinates upon many railroads and throughout many decades of the most brilliant period of railroad development, can fully realize the magnitude or significance of the changes witnessed during his long and eventful life. He had recently completed his ninety-third year. On Feb. 1, 1849, when he was born, at Wawautosa, in Wisconsin, the Presidency of James Knox Polk, Democratic successor to John Tyler, was drawing to its close and General Zachary Taylor, slave-owning Whig whose daughter had married Jefferson Davis, was about to enter the White House from which he would be buried within seventeen months. Former President Martin Van Buren, the first Chief Executive born a citizen of the United States, was still living, at Kinderhook, New York, and John Tyler would survive almost thirteen years, at Sherwood Forest in Virginia, to be elected to membership in a secession Congress. Future President Abraham Lincoln was completing his single term as a Member of Congress and James Buchanan, by whom he was to be preceded in the highest office, was serving as Secretary of State. Although there were only thirty States then in the Union, their sixty Senators included more illustrious and memorable names than could perhaps be listed as of any subsequent date. For then participating in the deliberations of the Senate were Daniel Webster, John C. Calhoun, Stephen A. Douglas, Lewis Cass, Thomas Hart Benton, William R. King, Hannibal Hamlin, Thomas Corwin, John A. Dix, Sam Houston, Herschell V. Johnson, Reverdy Johnson, Jefferson Davis, Samuel S. Phelps, John P. Hale, John Bell, William L. Dayton, Simon Cameron, Willie P. Mangum, and Robert M. Hunter. On March 4, 1849, Henry Clay, William H. Seward, and Samuel Portland Chase would become Senators. Even Mr. Underwood's name is reminiscent of the issues they debated, for the Baptist clergyman who was his parent endowed him with that of the famous mulatto, ex-slave, Frederick Douglass, then editing an Abolitionist paper at Rochester, N. Y.

Politically, at least, the world outside of the Western Hemisphere was very different in 1849 from that familiar to memories which do not extend much into the Nineteenth Century. Commodore Perry, with his formidable naval force, had not yet "persuaded" Japan to open her ports to the trade and civilization of the West, which she would learn to copy with a flattering, if sometimes disconcerting enthusiasm. And China, although she had felt the aggressive interest of Europe had not yet seen the shrines of her Manchu Emperors pillaged and burned by French and English soldiers nor met the destroying strength of England opposing her effort to exclude opium from importation to the detriment of her people. Queen Victoria, not yet proclaimed Empress of India, was in the twelfth year of her prosperous English reign and the thirtieth of her long life. Across the English Channel, Louis Napoleon Bonaparte, "the nephew of his uncle," in his third month as President of the short-lived Second Republic of France, which he was already conspiring to destroy, was stealthily pressing toward his *Coup d'Etat* and the Imperial dictatorship over which he was to preside, as Napoleon III. Further to the East, Germany, still a congeries of jealous and disunited sovereignties, weakly led by Austria, where the youthful Francis Joseph reigned as Emperor, remained in the troubled aftermath of the 1848 Revolution. Prussia, in a few years to overcome Austria on the battlefield of Sadowa, to exclude her from the German bund while seizing and effectually exercising her leadership, was also, for the time, suffering the confusions of domestic revolt and under an incompetent King. It would still be nine years before Wilhelm I, grandfather of the exiled sovereign who died at

Doern last year, would become Regent of Prussia, over which he was to reign as King from 1861 to 1888, and as Emperor of Germany, the title conferred upon him by Prince Bismarck after the triumvirate, Bismarck, Von Moltke, and Wilhelm, had captured Napoleon III and his army at Sedan and the victors had marched onward to Paris, which they entered in 1871. From Russia, the huge autocracy of Czar Nicholas I, seemingly completely intrenched and stabilized, frowned threateningly against Europe while hungrily viewing the Dardanelles and access to the Mediterranean. Southward, Italy was still only a geographical expression, for the peninsula was held by a discordant group of small nations, including the regions governed under the cherished Temporal Power of Pope Pius IX, the Duchies of Tuscany and Modena, the Sicilies, the especially mis-governed Kingdom of Naples, Lombardy, Piedmont, Sardinia and Venetia. In 1849, Pius IX held Rome only by the aid of French bayonets, Russia had involved herself in peninsular politics by guarantees of autonomy, Austria dominated in Venetia and elsewhere less effectively and claimed or aspired to wider dominion. Europe had existed, since the great Congress of Vienna, under the treaties of 1815 and the Holy Alliance, without any major war. But, after that long reign of imperfect peace, the continent had been swept by surging revolution from the Baltic to the Mediterranean, and, when the forces of insurgency had subsided and disappeared, it was found that its most lasting legacies were embodied in the conflicting careers of two persistent war-mongers, Napoleon the Little and Count (sometime to be Prince) Otto von Bismarck. Before Mr. Underwood's career as a railroad executive, had closed, most of this Asiatic and European picture had passed away. China had been, for more than a generation, almost the plaything of the variable policies and fluctuating interest of European nations and the United States, it had suffered its Boxer Rebellion and the protective invasions that followed, it had deposed its exotic dynasty and become uncertainly committed to a rather socialistic and communistic republicanism. Japan, surrendering her isolation but not her oligarchial traditions and copying western industrialism and military methods and devices, defeated Russia, expanded her island kingdom at the expense of her neighbors, seized Manchuria, and acquired the confidence and courage necessary before she dared to threaten her racial superiors. While Mr. Underwood's activities continued, Queen Victoria became an Empress, over India, and was succeeded by son and grandson, while two great-grandsons who have already occupied her throne grew to manhood. During the same years, the Empire of Napoleon III ceased to exist and was almost forgotten during the seventy years of the Third French Republic that disappeared in the maelstrom of 1940; Bismarck, after three wars for which he confessed responsibility, had been discarded by the petulant successor of the Emperor he had made and, in another war wantonly begun, that Empire had itself disappeared, carrying with it in its fall its sister Empire of Austria, but not before conniving at the overturning of the Russian Empire which it was first to witness. Italy, united in 1870 under Victor Emmanuel, had prospered intermittantly under his royal successors, but had suffered the penalties of an alliance with the nominal victors in the widely destructive World War of 1914-1918, and had fallen under the sterilizing depotism of Benito Mussolini. Similarly, Russian, without a Czar, was to be held under the yet more comprehensive despotism of Joseph Stalin; and Germany, having no Kaiser, was to be much more autocratically and tyranically controlled by Adolph Hitler than ever by any Hohenzollern.

Transformations in America, during this long life, were usually less tempestuous and commonly more salutary. In truth, the United States had its devastating Civil War, but at its close human slavery had been destroyed and there had emerged a united Nation, commanding the respect of all the world, in the manifold activities of which most of the bitterness of conflict soon disappeared. Alaska was acquired from Russia for a cash consideration; the Gadsden Purchase extended the area of New Mexico and Arizona south of the Gila River, supplying the route for a southern railroad to the Pacific Coast, now occupied by the Southern Pacific; gold in large quantities was discovered in California and gold and silver in many Rocky Mountain areas; the sewing machine, friction matches, utilization of petroleum products for lighting, lubrication, and power production; the phonograph and telephone electric lighting and power transmission; wireless telegraphy and dissemination of sound by radio activities; the internal combustion engine and automotive vehicles; and many other labor-saving, time-saving, and power-multiplying inventions were made or developed and adapted by American ingenuity and fostered by American capital. The East and the Middle-West especially were industrialized and many other localities less completely. Population and wealth, and at the same time, comfort and security, increased by leaps and bounds. The Wisconsin in which Mr. Underwood was born was found to contain, at the census of 1850, 305,191 inhabitants; in 1940 it contained more than ten times that number, or 3,137,587. Between the same years, the United States, in its continental area, excluding Alaska, grew more than five-fold, from 23,191,876 in 1850, to 131,669,275 in 1940. Where only 15.3% of the smaller aggregate had been classified as living under urban conditions during the earlier year, no less than 56.5% were found to reside in cities in 1940.

Railroads had been built. When Mr. Underwood was born there were precisely twenty miles of railroad in the whole State of Wisconsin, this mileage, presumably part of what is now the great Chicago and North Western System, and all of it then existing, lay somewhere along the route between Milwaukee and Prairie du Chien. But the whole country had only 9,021 miles in 1850. Now, Wisconsin alone has more than 7,000 miles and the United States some 245,000. But by 1849 service by the once ubiquitous stagecoach had by no means ceased. The Post-Master General in the Cabinet of President Taylor reported for the fiscal year ended June 30, 1849, that 3,823 miles of postal routes were maintained in the State of Wisconsin during that year and 167,703 miles in the entire country. No part of the service in Wisconsin was rendered with the aid of railroads and 581 miles enjoyed coach service, while, for the Nation, there were 5,497 miles of railroad-served mail routes and 36,238 miles of routes operated by coaches. In 1849, Cornelius Vanderbilt, although in his fifty-fifth year, had not yet interested himself in railroads; the route of the New York Central from Albany to Buffalo was still controlled by eight or ten separate railroad corporations; there was no railroad paralleling the Hudson River, although one was to be completed to East Albany in 1851; the Erie Railroad, with its "broad" gauge, six feet wide, would not reach its Lake Erie terminus until April 4, 1851; it would be almost four years before the Baltimore and Ohio attained Wheeling; the connecting link of the Pennsylvania Railroad, between its canal and portage crossing of the Allegheny Mountains and Pittsburgh, would not be operated to that Ohio River city until September 10, 1852. No railroad had entered Chicago; there was no railroad mileage anywhere west of the Mississippi River, except a few miles in Louisiana. Lake, river, and canal transportation by mule-drawn canal boats, in canoes, flat-boats, and keel-boats, sailing craft, and steamboats of small capacity and sluggish movement; still flourished. And it is no wonder. The competition of the new railroads cannot have been generally keen. Their tiny, wood-burning locomotives hauled small cars over strap-rails laid upon poor road-beds which led around curves of short radii and up and down grades of paralizing severity. Gauges were varied, few streams were bridged, cars could seldom be interchanged even where there were connections and connections were few, breaking of bulk in transit and reloading were frequently recurring necessities. Passengers traveled far more comfortably on canal-packets and in the poor accommodations supplied upon boats traversing the rivers and lakes than upon any railroads. There were, of course, no sleeping-cars, no dining-cars, and no parlor-cars. Universally, the coaches were poorly lighted, dangerously and insufficiently heated by stoves, dingy, dirty, and ill-kept, and they joggled drearily and uncomfortably between terminii with the least possible regard to time-schedules.

Frederick Douglass Underwood not only witnessed all these things, and much more; so far as any of them happened within the United States or affected the United States, and most of them did. He saw them all, he was part of the strenuous life that produced the utmost in successful and beneficent industrial achievement. Wherever and in whatever capacity he served, he was always an important factor in every item of growth and improvement. It is pleasing mentally to envision the stalwart and handsome youth, a splendid example of virile manhood, certain to attract any beholder, just emerged from the Academy at Beaver Dam, Wisconsin, which was his last school, who became a clerk with the expanding Chicago, Milwaukee and St. Paul Railway, in July, 1868, at nineteen years of ago. But he must have felt "cribbed, cabined, and confined" in any merely clerical or office capacity and, after brief service, exchanged to more active employment. Before, in July, 1868, he left his first employer, where he owed his advancement to Alexander Mitchell and S. S. Merrill, two of the greatest of old-time railroad operators and managers, and where Thomas G. Shaughnessy (afterwards Lord Shaughnessy, of the Canadian Pacific and the British Peerage) was a minor officer and an associate, and where Daniel Willard ran a locomotive as one of his subordinates, he was successively clerk; brakeman; baggageman; elevator foreman; conductor, on working, freight, and passenger trains; assistant division superintendent; and division superinten-

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War Industries Had 43 Strikes in Jan.—NAM

Work stoppages, under the "Strikes As Usual" policy, continue to impede war production despite the urgency for military stores and supplies, the National Association of Manufacturers revealed on Feb. 17 in pointing out 68 strikes were reported in the metropolitan newspapers as having occurred in January. The Association states that while the actual number of war production plant work stoppages — 43 — in January was lower than in any month preceding Pearl Harbor, that fact, it states is no gauge of their importance in impeding the war effort. There is no way to measure, it was pointed out, the ultimate effect of the stoppages on the production of war materials by other industries dependent upon the strike-bound plant for supplies and materials.

The NAM compilation, it was pointed out, did not purport to report on every strike occurring at defense and non-defense plants during January. The compilation was made from newspapers in principal industrial centers of the nation. From the Association's announcement we also quote:

> The 43 strikes at "defense plants" involved 15,512 workers and 661,976 lost man-hours. Twenty-five other strikes at non-defense factories involved 13,108 men and a loss of 1,750,224 man-hours, a total of 2,412,200 man-hours lost during January because of work stoppages.
>
> The Association pointed out the majority of the January work stoppages in war production industries could be described as "critical." Construction of such vital military stores as airplane parts, airplanes, engine pistons, machine tools, anti-aircraft guns, cartridge containers, parachute cloth, ships, electric motors, cable and wire was stopped because of the strikes, the Association said.
>
> The work stoppages at "defense" plants, involved CIO, AFL, and independent unions. Nineteen strikes involved CIO locals, 15 AFL affiliates and three independent unions, the compilation revealed. None of the reports about the remainder of the strikes at "defense" plants named unions involved.
>
> Man-hours lost at "defense" plants during January was the potential work-time to build four 170-foot steel submarine chasers. The United States Navy had ordered prior to Dec. 7 and since the beginning of the national emergency 62 submarine chasers, ranging in size from 60 to 170 feet in length.
>
> The loss from each work-stoppage becomes greater, as more factories are converted to war production and more and more men are trained to new jobs.

Newsprint Output Up

North American newsprint production in January was 425,154 tons, an increase of 11.2% over the 382,496 tons produced in January, 1941, according to figures issued by the News Print Service Bureau. Canadian mills operated at 84.4% of capacity to produce 311,904 tons of newsprint, compared with 261,298 tons a year ago. Shipments totaled 291,998 tons, a gain of 20%. United States production was off 5% at 84,628 tons and shipments from United States mills was lower by the same proportion, amounting to 80,787 tons. In Newfoundland, the newsprint mills turned out 28,622 tons, a decline of more than 10%, while shipments were also lower by the same amount. Stocks of all North American manufacturers at the end of January were over 25,000 tons higher than on Dec. 31, 1941.

"Key" Labor Men Deferred In Draft

State Directors of Selective Service were recently informed by Brig. Gen. Hershey, National Director, of the policy to be followed in the occupational deferment of registrants in labor relations. The order said that since "it is in the national interest and essential to the war production program that a harmonious relationship be maintained between labor and industry," registrants who are "key men" in the maintenance of such harmonious relations and who are employed for that activity by the government, by industrial organizations, or by local, national or international labor organizations, may be given serious consideration for deferment."

Between 16,000,000 and 17,000,000 women will ultimately have to be employed in the Nation's industrial plants to make Americ's war effort fully effective, it was indicated by Gen. Hershey in an interview at Philadelphia on Jan. 29, who at the same time stated that it was impossible to predict the number of men who may be needed for the Army by the end of next year. In the Philadelphia "Inquirer" of Jan. 30 he was also quoted as saying that by the first of 1943, the army expects to have 3,600,000 men under arms, or double the number it has now. As for industry he added:

> We know we will have to triple the number of people we have in our so-called defense plants. There is no other possible way that we can obtain them than by hiring a far greater number of women."

NYSE Special Offering Plan Starts Well

The New York Stock Exchange's new "special offerings" system received its first test on Feb. 19 when Smith Barney & Co. offered 2,958 shares of Bon Ami B stock. The offering price was 37⅜, less commission of $1 a share to members of the Exchange. The proposed sale was announced on the ticker tape at 1:48 p.m. and the first sales of the stock were recorded at 2:20 p.m. From that time until the close of the market at 3:00 p.m. there were 18 transactions involving 1,775 shares. Since a "special offering" must remain good for three consecutive trading hours the remaining 1,183 shares were sold the following morning (Feb. 20) within the time limit. Stock Exchange officials were said to be pleased with the results of the sale.

The Securities and Exchange Commission's approval of the plan was reported in our issue of Feb. 19, page 747.

FDR Warns Of Enemy Raids

President Roosevelt on Feb. 17 warned that it was possible for the enemy to shell and bomb New York City and Detroit. Asked at his press conference as to the possibility of an enemy attack on Alaska, the President said he could give no assurance and that such a thing was possible from the viewpoint of any plan of enemy operations. He added that under certain conditions enemy ships could shell New York and planes could bomb Detroit.

The President confirmed reports of a proposed new United States loan to Russia and said that deliveries of arms supplies to Moscow would be stepped up.

Mr. Roosevelt also took occasion at his press conference on Feb. 17 to denounce the City of Washington as a vicious rumor factory and the country's leading center for the source of lies.

Editorial—

The Shrinkage In Savings Bank Deposits

One of the most curious things about the current depression in the financial world—in such extraordinary contrast to the prosperity almost everywhere else—is the fact that it is so impartially distributed round through all the major financial fields. Security-trading has fallen to a trickle. Investment bankers have seen their margins shrink and their volume decline. Most of the commodity markets are either closed or severely restricted in trading. Foreign exchange is a thing of the past. The commercial bankers do a mounting volume of business but the quotations on their stocks tell a sad story about their earnings outlook.

Prominent among the financial institutions which have had hard sledding in recent years are the mutual savings banks. During the 1930's their deposits levelled off from their former normal rate of climb, and though commercial bank deposits ascended steadily to new and dizzy heights, savings bank deposits barely held their own. It was the fashion to disparage private thrift, and though the TNEC's barrage against it, in Monograph No. 37 of March, 1940 seemed chiefly aimed at the life insurance companies, that was only because the life companies continued to push the sale of thrift instruments while the savings banks, in traditional fashion, stayed at home and waited for the once reliable instincts of the American people to bring depositors through their doors. Further, the savings banks were hit by Postal Savings competition, and when that ceased to be considered an important menace, low interest rates came along and forced down the earnings they could divide among their depositors.

It might seem that the dramatic about-face in the official attitude toward thrift which came along between March and June, 1940, would have helped the savings banks, but so far it has not. They have chipped in patriotically and pushed the sale of defense bonds, which compete with their own deposit facilities, and in the last eight months of 1941 mutual savings institutions operating in 17 states sold $173,577,069 of these bonds but suffered a net loss of $116,544,205 of deposits. And if anything the pressure has increased since the turn of the year.

Four things have combined to cause the withdrawal of saving bank deposits; (1) people take their money out to buy defense bonds; (2) they take it out simply to hoard it in the form of bills; or (3) they take it out to hoard commodities, foodstuffs, or clothing or to rush for the remaining refrigerators, radios, and other durable goods which can be bought; or (4) they take it out because of silly fears that the Government is going to "confiscate savings," or start "forced savings" which they interpret to mean some danger to their existing savings accounts.

Naturally it is quite impossible for the savings banks to more than guess the relative pull of each of these things. Unless the depositors immediately goes downstairs to the vault and asks for his safe-deposit key they can only guess whether he wants to hoard cash. The substantial withdrawals at the beginning of the year, which have now declined, they could guess were for the purchase of defense bonds. Occasional depositors actually bring in clippings which have frightened them, but this happens seldom; more often the foolishly frightened depositor tries to disguise his real motive.

It would be unfortunate if at a time when personal thrift is acutely necessary the machinery of the savings banks should not be employed to the limit.

But the outlook is good, better than the above sounds. A number of corrective measures have already been taken.

In the first place the Treasury has made it clear that it wants defense bond purchases to be made out of current income, not out of past savings. The reasons for this, quite obvious to financial literates, cannot be too frequently explained to the public.

There appears little that can be done to prevent the hoarding of money, the reasons for which are obscure to everyone but which is going on in Britain, France, and Germany as well as here. A considerable impetus was given it by the freezing of foreign funds last Spring. Some of the increase in money in circulation is certainly due to increased payrolls, which are up something over 60% since the war started.

But it is also pretty certain that considerable of it arises out of scares lest the Treasury "confiscate savings," or do other things to endanger deposit accounts. A metropolitan paper recently ran a financial page story with a three-column head "Compulsory Savings Threaten," and people tore it out and took it in to savings banks to withdraw their money, completely misinterpreting the story. Here also is a place where more explaining should be done by Washington in simple terms to the public.

Hoarding of goods is a purely temporary problem so far as savings-bank withdrawals are concerned. The current retail buying spree is already tapering off because (1) some hoarders have decided it is unpatriotic; (2) some are full up; (3) some retailers are doing a little rationing themselves, while (4) others have discontinued sales promotions. But the major reason is that the supply of hoardable goods is running out.

Another thing that might be publicised is that the comparison between the yield on defense bonds and on savings accounts is not so unfavorable to the latter as it appears. The average mutual savings deposit now yields about 1.90%. But defense bonds have to be held to nearly six years before the yield equals this. And further, unless the holder accrues his interest for income tax purposes on the series E and F bonds, he will be taxed on the entire gain in the tenth or twelfth year in which the bond matures. Maybe income tax rates then will be lower—maybe higher.

But the best solution of the problem so far has been found by the savings banks themselves in the form of such campaigns as the Drydock's recently organized "Victory Club." Already highly successful, it is an adaptation to war finance of the good old Christmas Club idea. "Members" of the "Club" pledge themselves to regular purchases of defense bonds. For this purpose they make regular savings bank deposits. Periodically they cash them and convert into defense bonds.

From all angles it appears like an excellent plan.

Frederick D. Underwood And His Times

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dent. Thus, he rose by the hard route, with the accumulation of experience, tact, and practical capacity not otherwise obtainable. In 1886, he went to the Minneapolis and Pacific Railway, as general superintendent, and he remained with that company, and with the Minneapolis, St. Paul, Sault Ste. Marie and Pacific, into which it was merged, becoming general manager, and its field-marshall in the struggles with James J. Hill which attended most of the steps of its location and construction and the contest for traffic that ensued. Every day of that thirteen years experience was a thrilling struggle of brawn and brains, and many of them were auspicious days of triumph for Mr. Underwood. All the results were highly creditable to the resourceful and tireless operating chief, even if not permanently profitable in the creation of an indestructible highway for important and continuing movements of traffic. After the disasters of the last Garrett regime, Baltimore and Ohio enlisted the interest of western financiers, including James J. Hill, Norman B. Ream, and Marshall Field, and they could think of no better man to whom to entrust its operation and their interests than the one who, over fierce operation, had made "the Soo Line." Mr. Underwood came East as general manager of that property in 1890 and was soon a vice-president. Remaining there and accomplishing a great deal in its rehabilitation, he served for ten years and until the railroad passed, temporarily, into the control of the Pennsylvania Railroad, in 1901. Then, he succeeded the late E. B. Thomas, as president of the Erie Railroad, which was extensively strengthened and improved in every physical sense and in every detail of its operations under his highly energetic management. Eventually, the brothers M. J. and O. P. Van Sweringen, the oldest of whom was more than thirty years his junior, in the process of consolidating their ephemeral railroad empire, preferred a very capable associate of their earliest adventure in that field as head of the Erie, and Mr. Underwood's service ended with the calendar year 1926, but, in hale and active old age, he survived by several years, not only both of these enterprising young men, but the successor whom they favored and the empire which they had thought they had founded. While it perhaps cannot be said that in everything he ranked among the small number of the very greatest of the railroad men of the last generation, he was always thoroughly at home in their company, he saw much of them in daily social and business contacts, he was admired and trusted by all of them, none ever looked upon him as in any degree an unworthy associate or one whose concepts and recommendations could or should be lightly considered. He served with, or he struggled with, in several cases he did both as to different matters and under different conditions, such giants of railroad management and finance as Alexander Mitchell, R. R. Cable, James J. Hill, Marvin Hughitt, Alexander J. Cassatt, the first J. P. Morgan, E. H. Harriman, and L. F. Loree, and there was not one of them who did not find him worthy of their steel in competition or of their entire confidence and trust in co-operative effort. He was probably the last to survive of the great race of railroad men who exercised managerial authority before there was an Interstate Commerce Commission and who knew and regretted the days when transportation and its agencies were unshackled and competition was limited only by common sense and self-restraint while contacts and contracts between the railroads \and their traveling and shipping patrons were controlled only by the sound standards of the common law and were free from the control and meddling of third parties without competent experience.

THE FINANCIAL SITUATION

(Continued from First Page)

asserting in effect that good strategy often demands that we give unstinted support to others fighting with us against these common enemies. For most of these peoples allied with us we are very nearly the only source to which they can look for material over and above that which they can provide themselves, which often is pitifully inadequate. We, too, are the main hope as regards ships in which to transport aid thus furnished. In most instances, these allies would have perished by now or would very soon be overrun were we to leave them in the lurch. Obviously it would be unwise to permit our allies one by one to be put out of the fighting if anything we can do would prevent it.

Encouraging Our Allies

Naturally, we can best keep or help keep, such armies as those of China, Russia, Britain, Australia, New Zealand and the Dutch Indies going by actual delivery of armament, and such delivery must not be neglected, but there are limits of time and quantity—some of them inevitable, some of them imposed by our own shortcomings. Our first duty and our first responsibility is action. Nothing, not even the magic of the Churchillean and the Rooseveltian oratory, can long take the place of deeds, but meanwhile it is of importance that the faith, the courage, the spirit of our allies from South America to China, from Canada to the Indies, be maintained. Not only that, but potential allies—they are hardly more than that at present—in India, particularly, and elsewhere in Asia—must be cultivated and, if possible, brought to the point of active and effective support of the cause. Japan in the presence of indifferent, often doubtless more or less friendly, natives has not found it difficult to overcome a weak British defense in the Far East. In substantially similar circumstances similar results may follow in further Japanese excursions into Asia. A thoroughly aroused Indian populace, unarmed and untrained though it largely is, would present Japan with a different and far more difficult problem. China, too, was once a pacifist nation.

Influencing Factors

All these and other similar circumstances the President without doubt had actively in mind when preparing his latest "fireside chat"—not only with his own countrymen but with as many others everywhere in the world as it was possible to reach. With all that has appeared in the public prints concerning the geography of this war it scarcely seems that many of the President's explanations of the obvious were necessary so far as his home audience was concerned. Certainly he could hardly have believed that there was sufficient demand from the American public for the kind of "last-ditch" defense he describes to render it needful for him to denounce such strategy at such length and in such emphatic terms. His delineation of the probable plans and alleged objectives of Japan and Germany was at a number of points in any event much more pertinent to the actualities facing some of our allies than to our situation.

It may be, although it is not certainly, true that such considerations are responsible for omissions which could not well have failed to disappoint those who had hoped against hope for a strong and definite stand in a number of domestic issues which obviously are in need of Presidential attention. His attitude toward those who have been demanding a fuller report on Pearl Harbor left a good deal to be desired. Different treatment probably would bring better results, but the matter is hardly of first rate importance in comparison with certain domestic difficulties which threaten very defintely to hamper defense production in particular and our war effort in general and which are in their very nature the President's responsiblity. It may or may not have been wise to ignore them in this particular address, but there can be no valid reason or excuse for not dealing with them effectively and without delay.

One of these, probably the most pressing of them, has to do with labor. It is true, of course, that the President in his address on Monday evening, as on a number of previous occasions, strongly insisted that there be no interruption of work in any defense plant, but this obviously is not enough. Obviously, since interruptions are actually occurring upon an increasing scale; really because there are certain troublesome issues open in the current labor situation which the Administration has consistently evaded. One of these, as every one knows, is the old, old question of the so-called closed shop. Another is the matter of rising wages. A third has to do with union discipline. There is a multiplicity of boards and agencies established to prevent work interruptions and settle disputes, but clearly none of these can reasonably be expected to formulate a labor policy for the Administration. Mr. Henderson has ventured what must be regarded as personal opinions—certainly there is no reason to suppose they represent Administration policy—concerning wage increases, as have some other individuals in government circles. Plainly, it is highly desirable, not to say essential that the President himself formulate and make public in positive terms a definite policy to guide his assistants and associates—and the public, for that matter—in dealing with individual cases involving such questions which are constantly arising. The numerous instances of "outlaw" strikes, now plainly on the increase, strongly suggest action such as President Wilson took during the first World War in dealing with headstrong workers. At all events, more potent action than any yet taken by the present Administration appears absolutely essential and urgent.

Right of Way For Defense

There is another and broader issue which has all along been a serious burden upon our defense program. It is no less so now, and the time has come when we can no longer afford such a handicap. It is the unwillingness of both the Administration and certain groups in Congress to sidetrack "reform" and subsidy politics in order to give defense full right of way. This attitude is troublesome enough when it is more or less openly assumed, as in the case of Congressional insistence upon making farm prices sui generis, and as in the various instances where large appropriations and other legislation have been asked to carry on the Utopian profligacies of the past eight years or more. It is possibly even worse when it clearly and slyly tinctures otherwise desirable and even essential measures. These predilections of the Administration and its adherents have resulted in a situation, indeed, in which nearly all its proposals are suspect in the minds of large sections of the people. Such a state of affairs may have been inevitable in the circumstances, but it is one which the President—but no one else—could quickly remedy if he would. Such action on his part would do more than is generally realized to smooth the way for maximum effectiveness in our war effort.

We think the President would be well advised, now that he has delivered his message to the world, to apply himself promptly and vigorously to these domestic issues, reach definite decisions and take vigorous and constructive action regarding them, which, if he thought wise, he could announce in a "fireside chat" for home consumption.

The State Of Trade

Business activity generally is more than holding at its recent high levels, with some major industries showing slight weekly setbacks. Merchandise loadings, electric production and petroleum-runs-to-stills were off a bit for the week, but other major industries show further expansion, especially steel operations.

Increasing pressure for war steel is evidenced by the preponderance of tonnage on mill books bearing the highest preferential ratings. Demand is so large, it was said, that deliveries below A priority ratings have virtually ceased and some producers are even unable to supply lower A ratings, according to the magazine "Steel."

Steel operations will be at the rate of 96.3% of capacity this week, equivalent to 1,635,800 tons production, the American Iron & Steel Institute estimated. The tonnage and operations, both the second highest in the history of the industry, compare with 96.2% of capacity and 1,635,100 tons produced last week.

Department store sales on a country-wide basis were up 19% for the week ended Feb. 14, compared with the same week a year ago, it was shown in the weekly figures made public by the Federal Reserve System. Store sales were up 25% in the four-week period ended Feb. 14, compared with a year ago.

Scare buying continues on the wane in most retail lines and store sales currently show the smallest margin of increase over last year since the Christmas shopping season, Dun & Bradstreet observe. Slackening of interest also appeared in wholesale markets, although buyers were extending efforts to stock ahead on merchandise for which shortages are anticipated.

The mild let-down in consumer purchasing was attributed partially to rationing systems imposed voluntarily by many stores and in some instances to direct advertising to discourage hoarding.

In view of the urgent need to speed war production, increased pressure must now be expected on industry and labor to increase the output of existing equipment and personnel. The military situation makes this acceleration imperative, and it is quite clear that an extra effort must be made over and above the expansion program now under way.

Labor productivity has tended to decline during recent months because of the constant influx of new workers who must be trained to new tasks, and because of the withdrawal of seasoned workers for teaching and supervisory posts. Employers must now concentrate on increasing output through accelerated operations. In this, they must have the cooperation of labor organizations who are traditionally opposed to the "speed-up," but who are likely, in the emergency, to cooperate fully.

However, the labor situation is again looming as a serious consideration. Increasing criticism of the Government's lack of a wartime labor policy, coupled with the crisis confronting the War Labor Board, indicate there is a growing possibility that Congress may take a hand in wartime labor regulation after all.

The most telling criticism has come from William M. Leiserson, member of the National Labor Relations Board. He points out that the lack of a policy threatens the War Labor Board with disruption, because employer or labor representatives may resign because they are unwilling to accept the present set in any decision. He suggests that such a crisis within the Labor Board may force Congress to act.

The Bethlehem Corporation case provides the War Labor Board with its first crisis because of the lack of a labor policy. Bethlehem and other steel companies have indicated that they intend to resist any compromise on the closed shop.

The Association of American Railroads reported that 782,699 cars of revenue freight were loaded during the week ended Feb. 14. This was a decrease of 1,361 cars, or 0.2%, compared with the preceding week; an increase of 61,523 cars, or 8.5%, compared with a year ago, and an increase of 174,462 cars, or 28.7%, compared with 1940.

Production of electricity declined 1.5% in the week ended Feb. 14 to 3,421,639,000 kilowatt hours from 3,474,638,000 in the preceding week, the Edison Electric Institute reported. The latest total represents an increase of 15% over the 1941 comparative of 2,976,478,000.

Major engineering construction volume for the short week due to the Lincoln's Birthday holiday totals $102,218,000, the fifth consecutive week in which the volume topped the $100,000,000 mark, Engineering "News-Record" announced recently. The latest week's construction compares with $104,893,000 for the preceding week, and $114,981,000 for the 1941 week.

Private construction turned sharply upward, reaching $26,690,000—the highest total reported since the week of Dec. 11, 1941. Public volume, $75,528,000, compares with $96,950,000 reported for last week, and $81,615,000 for the week last year.

The latest week's total brings 1942 construction to $996,981,000, an increase of 12% over the volume reported for the opening eight week period last year.

During a recent week some 950,000 claims for employment compensation were filed throughout the country, which gives some idea of the extent of the "conversion unemployment" which is now developing.

Latest estimates of the War Production Board's labor division are that between 3,000,000 and 4,000,000 workers will be temporarily unemployed at some time during 1942 as a direct or indirect result of the war effort.

Officials stick to their conclusion, however, that by the end of the year there will be 15,000,000 workers on war production, as compared with 5,000,000 at present.

More dollars no longer mean more consumer goods, Leon Henderson told Chicago's Better Business Bureau recently.

Asserting a struggle for America's limited supplies must be avoided at all costs, he said some great industries making civilian goods will be completely shut down because their use of raw materials is limiting the production of war materials.

Mr. Henderson further stated: "We will have $9,000,000,000 less goods and services of all kinds in 1942. That means $9,000,000,000 less refrigerators, automobiles, typewriters and copper cuspidors.

"We will have at least $6,000,000,000 more of purchasing power with which to buy this limited amount of goods; that is, we will have $6,000,000,000 made up of more farm income, more wage income and more consumer buying power of all kinds.

"You don't need to be an economist to know that there is a gap of $15,000,000,000 between what this country of consumers can buy and the amount of goods that there will be on the shelves."

United Nations Will Soon Take Offensive Says President In Address To Nation

President Roosevelt told the American people in a radio address on the war on Feb. 23 that the United Nations and not our enemies will soon have the offensive and will win the final battles and make the final peace. While conceding that losses have been suffered from Hitler's U-boats in the Atlantic and from the Japanese in the Pacific and that more losses must be suffered before the "turn of the tide," the President asserted that "we Americans have been compelled to yield ground, but we will regain it." He stressed the need to build up production "so that the United Nations can maintain control of the seas and attain control of the air" by an overwhelming superiority and predicted that the production goals set for airplanes, tanks, guns and ships "will be attained." Saying that with few exceptions, labor, capital and farming are giving loyal service, the President declared that "we can lose this war only if we slow up our effort or if we waste our ammunition sniping at each other." He offered these "three high purposes" for every American to follow:

1. Not to stop work for a single day.
2. Not to demand special advantages for one group over another.
3. To give up conveniences and modify routine of lives if asked to do so.

After citing the "various evil ways" Axis propagandists have tried to destroy "our determination and morale," the President declared that "the United Nations are dedicated to a common cause," and added:

> We share equally and with equal zeal the anguish and the awful sacrifices of war. In the partnership of our common enterprise, we must share in a unified plan in which all of us must play our several parts, each of us being equally indispensable and dependent one on the other.
>
> We have unified command and cooperation and comradeship.
>
> We Americans will contribute unified production and unified acceptance of sacrifice and of effort.

The President praised the "conquering spirit" prevailing in the British, Russian, Dutch and Chinese people and said that the task facing the American people will test us to the uttermost, "since never before was such a prodigious effort" called for with so little time to do it.

Starting his address by paying tribute to Gen. Washington and his Continental Army of 1776, the President said that Washington's conduct in those hard times has provided a "model of moral stamina" for all Americans ever since. He said that the present great struggle is a new kind of war since it is different not only in its methods and weapons but also in its geography from all other past wars.

Asking his listeners to turn to the reference maps which he had asked them to have, the President said that the "broad oceans which have been heralded in the past as our protection from attack have become endless battlefields, on which we are constantly being challenged by our enemies." Pointing out that "our job now is to fight at distances which extend all the way around the globe," Mr. Roosevelt explained that this was necessary because that is where our enemies are and our supply lines and lines of communication with our allies must be protected.

With regard to those who still advise on the "fatuous policy" of isolation, the President presented a picture of what would happen to China, the vast areas of the southwest Pacific, the Near East and Africa, the British Isles and Russia if we did not "continue increasingly the policy of carrying the war to the enemy in distant lands and distant waters—as far as possible from our own home grounds."

The President further disclosed that, in spite of transportation difficulties, a large number of bombers and pursuit planes, manned by American pilots, are engaged in daily contact with the enemy in the southwest Pacific, as well as thousands of American troops engaged in ground operations.

In his talk the President also took occasion to remark that "the consequences of the attack on Pearl Harbor — serious as they were — have been wildly exaggerated" with respect to deaths, ship losses and planes destroyed. He promised that the Government will tell the people "the general trend of how the war is going" withholding only that information which is of value to the enemy.

In full the President's address as reported by the Associated Press, follows:

Washington's Birthday is a most appropriate occasion for us to talk with each other about things as they are today and things as we know they shall be in the future.

For eight years, Gen. Washington and his Continental Army were faced continually with formidable odds and recurring defeats. Supplies and equipment were lacking. In a sense every winter was a Valley Forge. Throughout the 13 States there existed fifth columnists—selfish men, jealous men, fearful men, who proclaimed that Washington's cause was hopeless, that he should ask for a negotiated peace.

Washington's conduct in those hard times has provided the model for all Americans ever since—a model of moral stamina. He held to his course, as it had been charted in the Declaration of Independence. He and the brave men who served with him knew that no man's life or fortune was secure, without freedom and free institutions.

The present great struggle has taught us increasingly that freedom of person and security of property anywhere in the world depend upon the security of the rights and obligations of liberty and justice everywhere in the world.

This war is a new kind of war. It is different from all other wars of the past, not only in its methods and weapons but also in its geography. It is warfare in terms of every continent, every island, every sea, every air lane in the world.

That is the reason why I have asked you to take out and spread before you the map of the whole earth, and to follow with me the references which I shall make to the world-encircling battle lines of this war. Many questions will, I fear, remain unanswered, but I know you will realize I cannot cover everything in any one report to the people.

The broad oceans which have been heralded in the past as our protection from attack have become endless battlefields, on which we are constantly being challenged by our enemies.

We must all understand and face the hard fact that our job now is to fight at distances which extend all the way around the globe.

We fight at these vast distances because that is where our enemies are. Until our flow of supplies gives us clear superiority we must keep on striking our enemies wherever and whenever we can meet them, even if, for a while, we have to yield ground. Actually we are taking a heavy toll of the enemy every day that goes by.

We must fight at these vast distances to protect our supply lines and our lines of communication with our allies—protect these lines from the enemies who are bending every ounce of their strength, striving against time, to cut them. The object of the Nazis and the Japanese is to separate the United States, Britain, China and Russia and to isolate them one from another, so that each will be surrounded and cut off from sources of supplies and re-enforcements. It is the old familiar Axis policy of "divide and conquer."

There are those who still think in terms of the days of sailing ships. They advise us to pull our warships and our planes and our merchant ships to our own home waters and concentrate solely on last-ditch defense. But let me illustrate what would happen if we followed such foolish advice.

Look at your map. Look at the vast area of China, with its millions of fighting men. Look at the vast area of Russia, with its powerful armies and proved military might. Look at the British Isles, Australia, New Zealand, the Dutch Indies, India, the Near East and the continent of Africa, with their resources or raw materials and of peoples determined to resist Axis domination. Look at North America, Central America and South America.

It is obvious what would happen if all these great reservoirs of power were cut off from each other either by enemy action or by self-imposed isolation:

1. We could no longer send aid of any kind to China—to the brave people who, for nearly five years, have withstood Japanese assault, destroyed hundreds of thousands of Japanese soldiers and vast quantities of Japanese war munitions. It is essential that we help China in her magnificent defense and in her inevitable counter-offensive—for that is one important element in the ultimate defeat of Japan.

2. If we lost communication with the southwest Pacific, all of that area, including Australia and New Zealand, would fall under Japanese domination. Japan could then release great numbers of ships and men to launch attacks on a large scale against the coasts of the Western Hemisphere, including Alaska. At the same time she could immediately extend her conquests to India and through the Indian Ocean, to Africa and the Near East.

3. If we were to stop sending munitions to the British and the Russians in the Mediterranean and Persian Gulf areas we would help the Nazis overrun Turkey, Syria, Iraq, Persia, Egypt and the Suez Canal, the whole coast of North Africa and the whole coast of West Africa—putting Germany within easy striking distance of South America.

4. If, by such a fatuous policy, we ceased to protect the North Atlantic supply line to Britain and to Russia, we would help to cripple the splended counter-offensive by Russia against the Nazis, and we would help to deprive Britain of essential food supplies and munitions.

Those Americans who believed that we could live under the illusion of isolationism wanted the American eagle to imitate the tactics of the ostrich. Now, many of those same people, afraid that we may be sticking our necks out, want our national bird to be turned into a turtle. But we prefer to retain the eagle as it is—flying high and striking hard.

I know that I speak for the mass of the American people when I say that we reject the turtle policy and will continue increasingly the policy of carrying the war to the enemy in distant lands and distant waters—as far as possible from our own home grounds.

There are four main lines of communication now being traveled by our ships: the North Atlantic, the South Atlantic, the Indian Ocean and the South Pacific. These routes are not one-way streets—for the ships which carry our troops and munitions outbound bring back essential raw materials which we require for our own use.

The maintenance of these vital lines is a very tough job. It is a job which requires tremendous daring, tremendous resourcefulness and, above all, tremendous production of planes and tanks and guns and of the ships to carry them. And I speak again for the American people when I say that we can and will do that job.

The defense of the worldwide lines of communication demands relatively safe use by us of the sea and of the air along the various routes; and this, in turn, depends upon control by the United Nations of the strategic bases along those routes.

Control of the air involves the simultaneous use of two types of planes—first, the long-range heavy bomber; and second, light bombers, dive-bombers, torpedo planes, and short-range pursuit planes which are essential to the protection of the bases and of the bombers themselves.

Heavy bombers can fly under their own power from here to the southwest Pacific; but the smaller planes cannot. Therefore, these lighter planes have to be packed in crates and sent on board cargo ships. Look at your map again, and you will see that the route is long—and, at many places, perilous — either across the South Atlantic around South Africa or from California to the East Indies direct. A vessel can make a round trip by either route in about four months, or only three round trips in a whole year.

In spite of the length and difficulties of this transportation, I can tell you that we already have a large number of bombers and pursuit planes, manned by American pilots, which are now in daily contact with the enemy in the southwest Pacific. And thousands of American troops are today in that area engaged in operations not only in the air but on the ground as well.

In this battle area Japan has had an obvious initial advantage. For she could fly even her short-range planes to the points of attack by using many stepping stones open to her—bases in a multitude of Pacific islands and also bases on the China Indo-China, Thailand and Malay coasts. Japanese troop transports could go south from Japan and China through the narrow China Sea, which can be protected by Japanese planes throughout its whole length.

I ask you to look at your maps again, particularly at that portion of the Pacific Ocean lying west of Hawaii. Before this war even started the Philippine Islands were already surrounded on three sides by Japanese power. On the west the Japanese were in possession of the coast of China and the coast of Indo-China, which had been yielded to them by the Vichy French. On the north are the islands of Japan themselves, reaching down almost to northern Luzon. On the east are the mandated islands—which Japan had occupied exclusively and had fortified in absolute violation of her written word.

These islands, hundreds of them, appear only as small dots on most maps. But they cover a large strategic area. Guam lies in the middle of them—a lone outpost which we never fortified.

Under the Washington treaty of 1921 we had solemnly agreed not to add to the fortification of the Philippine Islands. We had no safe naval base there, so we could not use the islands for extensive naval operations.

Immediately after this war started the Japanese forces moved down on either side of the Philippines to numerous points south of them—thereby completely encircling the islands from north, south, east and west.

It is that complete encirclement, with control of the air by Japanese land-based aircraft, which has prevented us from sending substantial re-enforcements of men and material to the gallant defenders of the Philippines. For forty years it has always been our strategy—a strategy born of necessity—that in the event of a full-scale attack on the islands by Japan we should fight a delaying action, attempting to retire slowly into Bataan Peninsular and Corregidor.

We knew that the war as a whole would have to be fought and won by a process of attrition against Japan itself. We knew all along that, with our greater resources, we could outbuild Japan and ultimately overwhelm her on sea, on land and in the air. We knew that, to obtain our objective, many varieties of operation would be necessary in areas other than the Philippines.

Nothing that has occurred in the last two months has caused us to revise this basic strategy—except that the defense put up by Gen. MacArthur has magnificently exceeded the previous estimates; and he and his men are gaining eternal glory therefor.

MacArthur's army of Filipinos and Americans, and the forces of the United Nations in China, in Burma and the Netherlands East Indies are all together fulfilling the same essential task. They are making Japan pay an increasingly terrible price for her ambitious attempts to seize control of the whole Asiatic world. Every Japanese transport sunk off Java is one less transport that they can use to carry re-enforcements to their army opposing Gen. MacArthur in Luzon.

It has been said that Japanese gains in the Philippines were made possible only by the success of their surprise attack on Pearl Harbor. I tell you that this is not so.

Even if the attack had not been made, your map will show that it would have been a hopeless operation for us to send the fleet to the Philippines through thousands of miles of ocean, while all those island bases were under the sole control of the Japanese.

The consequences of the attack on Pearl Harbor—serious as they were—have been widely exaggerated in other ways. These exaggerations come originally from Axis propagandists; but they have been repeated, I regret to say, by Americans in and out of public life.

You and I have the utmost contempt for Americans who, since Pearl Harbor, have whispered or announced "off the record" that there was no longer any Pacific Fleet—that the fleet was all sunk or destroyed on Dec. 7—that more than one thousand of our planes were destroyed on the ground. They have suggested slyly that the Government has withheld the truth about casualties — that eleven or twelve thousand men were killed at Pearl Harbor instead of the figures as officially anounced. They have even served the enemy propagandists by spreading the incredible story that shiploads of bodies of our honored American dead were about to arrive in New York Harbor to be put in a common grave.

Almost every Axis broadcast directly quotes Americans, who, by speech or in the press, make damnable misstatements such as these.

The American people realize that in many cases details of military operations cannot be disclosed until we are absolutely certain that the announcement will not give to the enemy military information which he does not already possess.

Your Government has unmistakable confidence in your ability to hear the worst, without flinching or losing heart. You must, in turn, have complete confidence that your Government is keeping nothing from you except information that will help the enemy in his attempt to destroy us. In a democracy there is always a solemn pact of truth between the Government and the people, but there must also always be a full use of discretion—and that word "discretion" applies to the critics of Government as well.

This is war. The American people want to know, and will be told, the general trend of how the war is going. But they do not wish to help the enemy any more than our fighting forces do, and they will pay little attention to the rumor-mongers and poison peddlers in our midst.

To pass from the realm of rumor and poison to the field of facts: The number of our officers and men killed in the attack on Pearl Harbor on Dec. 7 was 2,340 and the number wounded was 946. Of all the combatant ships based on Pearl Harbor—battleships, heavy cruisers, light cruisers, aircraft carriers, destroyers and submarines only three were permanently put out of commission.

Very many of the ships of the Pacific fleet were not even in Pearl Harbor. Some of those that were there were hit very slightly and others that were damaged have either rejoined the fleet by now or are still undergoing repairs. When those repairs are completed, the ships wil be more efficient fighting machines than they were before.

The report that we lost more than a thousand airplanes at Pearl Harbor is as baseless as the other weird rumors. The Japanese do not know just how many planes they destroyed that day, and I am not going to tell them. But I can say that to date—and including Pearl Harbor—we have destroyed considerably more Japanese planes than they have destroyed of ours.

We have most certainly suffered losses—from Hitler's U-boats in the Atlantic as well as from the Japanese in the Pacific—and we shall suffer more of them before the turn of the tide. But, speaking for the United States of America, let me say once and for all to the people of the world: We Americans have been compelled to yield ground, but we will regain it. We and the other United Nations are committed to the destruction of the militarism of Japan and Germany. We are daily increasing our strength. Soon, we and not our enemies will have the offensive; we, not they, will win the final battles; and we, not they, will make the final peace.

Conquered nations in Europe know what the yoke of the Nazis is like. And the people of Korea and of Manchuria know in their flesh the harsh despotism of Japan. All of the people of Asia know that if there is to be an honorable and decent future for any of them or for us, that future depends on victory by the United Nations over the forces of Axis enslavement.

If a just and durable peace is to be attained, or even if all of us are merely to save our own skins, there is one thought for us here at home to keep uppermost—the fulfillment of our special task of production.

Germany, Italy and Japan are very close to their maximum output of planes, guns, tanks and ships. The United Nations are not—especially the United States of America.

Our first job then is to build up production so that the United Nations can maintain control of the seas and attain control of the air—not merely a slight superiority, but an overwhelming superiority.

On Jan. 6 of this year I set certain definite goals of production for airplanes, tanks, guns and ships. The Axis propagandists called them fantastic. Tonight, nearly two months later, and after a careful survey of progress by Donald Nelson and others charged with responsibility for our production, I can tell you that those goals will be attained.

In every part of the country experts in production and the men and women at work in the plants are giving loyal service. With few exceptions, labor, capital and farming realize that this is no time either to make undue profits or to gain special advantages, one over the other.

We are calling for new plants and additions to old plants and for plant conversion to war needs. We are seeking more men and more women to run them. We are working longer hours. We are coming to realize that one extra plane or extra tank or extra gun or extra ship completed tomorrow may, in a few months, turn the tide on some distant battlefield: it may make the difference between life and death for some of our fighting men. We know now that if we lose this war it will be generations or even centuries before our conception of democracy can live again. And we can lose this war only if we slow up our effort or if we waste our ammunition sniping at each other.

Here are three high purposes for every American:

1. We shall not stop work for a single day. If any dispute arises we shall keep on working while the dispute is solved by mediation, conciliation or arbitration—until the war is won.

2. We shall not demand special gains or special privileges or advantages for any one group or occupation.

3. We shall give up conveniences and modify the routine of our lives if our country asks us to do so. We will do it cheerfully, remembering that the common enemy seeks to destroy every home and every freedom in every part of our land.

This generation of Americans has come to realize, with a present and personal realization, that there is something larger and more important than the life of any individual or of any individual group—something for which a man will sacrifice, and gladly sacrifice, not only his pleasures, not only his goods, not only his associations with those he loves, but his life itself. In time of crises, when the future is in the balance, we come to understand, with full recognition and devotion, what this nation is, and what we owe to it.

The Axis propagandists have tried in various evil ways to destroy our determination and our morale. Failing in that, they are now trying to destroy our confidence in our own Allies. They say that the British are finished—that the Russians and Chinese are about to quit. Patriotic and sensible Americans will reject these absurdities. And instead of listening to any of this crude propaganda, they will recall some of the things that Nazis and Japanese have said and are still saying about us.

Ever since this nation became the arsenal of democracy—ever since enactment of lend-lease—there has been one persistent theme through all Axis propaganda.

This theme has been that Americans are admittedly rich, and that Americans have considerable industrial power—but that Americans are soft and decadent, that they can not and will not unite and work and fight.

From Berlin, Rome and Tokio we have been described as a nation of weaklings—"playboys"—who would hire British soldiers, or Russian soldiers, or Chinese soldiers to do our fighting for us.

Let them repeat that now!

Let them tell that to Gen. MacArthur and his men.

Let them tell that to the sailors who today are hitting hard in the far waters of the Pacific.

Let them tell that to the boys in the flying fortresses.

Let them tell that to the marines!

The United Nations constitute an association of independent peoples of equal dignity and importance. The United Nations are dedicated to a common cause. We share equally and with equal zeal the anguish and awful sacrifices of war. In the partnership of our common enterprise we must share in a unified plan, in which all of us must play our several parts, each of us being equally indispensable and dependent one on the other.

We have unified command and cooperation and comradeship.

We Americans will contribute unified production and unified acceptance of sacrifice and of effort. That means a national unity that can know no limitations of race or creed or selfish politics. The American people expect that much from themselves. And the American people will find ways and means of expressing their determination to their enemies including the Japanese admiral who has said that he will dictate the terms of peace here in the White House.

We of the United Nations are agreed on certain broad principles in the kind of peace we seek. The Atlantic Charter applies not only to the parts of the world that border the Atlantic but to the whole world; disarmament of aggressors, self-determination of nations and people, and the four freedoms—freedom of speech, freedom of religion, freedom from want and freedom from fear.

The British and the Russian people have known the full fury of Nazi onslaught. There have been times when the fate of London and Moscow was in serious doubt. But there was never the slightest question that either the British or the Russians would yield. And today all the United Nations salute the superb Russian Army as it celebrates the 24th anniversary of its first assembly.

Though their homeland was overrun, the Dutch people are still fighting stubbornly and powerfully overseas.

The great Chinese people have suffered grevious losses; Chungking has been almost wiped out of existence—yet it remains the capital of an unbeatable China.

That is the conquering spirit which prevails throughout the United Nations in this war.

The task that we Americans now face will test us to the uttermost.

Never before have we been called upon for such a prodigious effort. Never before have we had so little time in which to do so much.

"These are the times that try men's souls."

Tom Paine wrote those words on a drum-head by the light of a campfire. That was when Washington's little army of ragged, rugged men was retreating across New Jersey, having tasted nothing but defeat.

And General Washington ordered that these great words written by Tom Paine be read to the men of every regiment in the Continental Army, and this was the assurance given to the first American armed forces:

"The summer soldier and the sunshine patriot will, in this crisis, shrink from the service of their country; but he that stands it now, deserves the love and thanks of man and woman. Tyranny, like hell, is not easily conquered; yet we have this consolation with us, that the harder the sacrifice, the more glorious the triumph."

So spoke Americans in the year 1776.

So speak Americans today!

Warn Of Seriousness Of Rubber Shortage

Donald M. Nelson, Chairman of the War Production Board, and Jesse H. Jones, Secretary of Commerce declared in a joint statement issued on Feb. 14 that "unless we restrict all civilian use of rubber to the bare essentials, we shall not have enough for our military machine during the next two years."

Saying it is important that the citizens understand the country's rubber situation, the joint statement explained that rubber is now being rationed because "it is an absolute military necessity" and "our national safety" depends on it. The statement of Mr. Jones and Mr. Nelson follows:

> It is extremely important that every citizen understand our situation in rubber.
>
> We cannot win the war unless our military forces have an ample supply of rubber. If rubber is lacking our planes can't fly, our tanks can't move, our field guns can't operate, our warships can't function.
>
> It is perfectly true that we have in the United States today a large stockpile of crude rubber. It is also true that more rubber is coming in. In addition, we have started a program to make synthetic rubber which eventually will give us a substantial supply.
>
> Fighting with the Japs is now occurring in the area our rubber comes from. In fact, the Malayan Peninsula, from which a large part of our rubber supply is normally obtained, is wholly in Japanese possession today. We have to drive them out before we can get any more rubber from that area.
>
> The rubber we have today plus the rubber that is on its way in and the rubber we shall eventually make in our new factories is all the new rubber we can count on at this time. There is about enough to enable us to complete our great armament program—but there is not going to be any to spare. We dare not waste any.
>
> So we have made our choice. We go without any new rubber tires for civilian use this year so that we need not go without rubber for our tanks, planes, guns and warships next year. Unless we restrict all civilian use of rubber to the bare essentials, we shall not have enough for our military machine during the next two years.
>
> We are rationing rubber now. We are doing so because it is an absolute military necessity. Every American must understand that the fact that we do have large supplies of rubber in this country does not in the least mean that we civilians may have all we want. It simply means that, because some foresight was exercised, our military needs during the next couple of years can be met—provided that civilian use is held to the absolute minimum.
>
> We should not be rationing rubber today if our national safety did not depend on it. Every one of us who is used to riding on rubber without giving the supply a thought should look at his tires and say:
>
> "That's all there is. There isn't any more"—and proceed accordingly until adequate supplies are once more assured.
>
> Your government is aware of the seriousness of this rubber supply problem and is working on all fronts to alleviate this situation as much as possible.
>
> We need rubber to "keep 'em rolling" for the United States and every one of our Allies.

January Life Insurance Sales Up

The sales of ordinary life insurance in the United States in January amounted to $1,001,653,000 or 93% above the volume sold in January, 1941, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

JANUARY, 1942

	Sales Volume in $1,000	Ratios 1942-1941 All Cos.
U. S. total	$1,001,653	193%
New England	83,056	193%
Middle Atlantic	309,292	205%
East North Central	220,739	184%
West North Central	87,332	186%
South Atlantic	91,272	185%
East South Central	38,273	202%
West South Central	67,602	190%
Mountain	21,694	173%
Pacific	82,393	192%

Total Subscriptions To Treasury Bond Offering

Secretary of the Treasury Morgenthau announced on Feb. 18 the subscription figures and the basis of allotment for the offering of $1,500,000,000 of 2¼% Treasury bonds of 1952-55. The announcement also says:

> Reports received from the Federal Reserve Banks show that subscriptions total approximately $4,697,000,000. Subscriptions in amounts up to and including $5,000, totaling about $14,000,000, where the subscribers specified that delivery be made in registered bonds 90 days after the issue date, were allotted in full. All other subscriptions were allotted 32% on a straight percentage basis, with adjustments, where necessary, to the $100 denomination.
>
> Further details as to subscriptions and allotments will be announced when final reports are received from the Federal Reserve Banks.

The details of the offering were given in these columns Feb. 19, page 764.

Conway Named Director

Carle C. Conway, Chairman of the Board of the Continental Can Co., New York, has been nominated to be a Class B Director of Federal Reserve Bank of New York. Mr. Conway was named by member banks in Group 3 for the term of office ending Dec. 31, 1942, to succeed Robert T. Stevens, resigned. The polls are now open for balloting by the banks and will close on March 6.

Mr. Conway has been an officer of the Continental Can Co. since 1912, when he was made a Vice-President and a member of the Board of Directors and of the Executive Committee. He became President of the company in 1926 and Chairman of the Board in 1930. Mr. Conway is also a Director of the Reading Co. of Philadelphia and the Vulcan Detining Co. He is likewise a member of the Business Advisory Council of the United States Department of Commerce.

Petroleum And Its Products

The threatened shortage of fuel oils on the East Coast was strikingly highlighted in the week-end appeal by W. S. Farish, President of Standard Oil Co. (N. J.) to refiners of fuel oil as far as Texas, Kansas and Nebraska in telegrams asking help in securing kerosene, heating and heavy fuel oils as a means of avoiding rationing of these petroleum products on the Atlantic Coastline.

"We are in desperate need of kerosene, range oil, No. 2 heating oil and Bunker C or No. 6 fuel oil," Mr. Farish's wire stated. "Will appreciate any help that you can offer. Please immediately wire E. A. Holbein, Standard Oil Co. of New Jersey, 26 Broadway, New York City, collect what you can offer loaded in cars furnished by you, including price, quality and conditions. Specify deliveries, first over 30 days, and second over succeeding 30 days. Will also appreciate additional offers, we to furnish the cars."

East Coast inventories of gas oil and distillate fuels of the type needed in home and industrial heating have slumped more than 50% during the five-week period ending February 14. A drop of 2,428,000 barrels was recorded for the week ended February 14 by the American Petroleum Institute, latest figures available, while a decline of 5,414,000 barrels was shown in the preceding month. Tankers sunk or damaged by enemy submarines preying upon coastwise shipping and the transfer of other tankers to military service has cut down receipts of heating oils, with stocks far below last year's figure.

Reesrves of the heating fuel oils had been slashed to 10,328,000 bbls. by February 14 as compared with holdings of 21,900,000 barrels on December 6, when the sustained drain upon inventories resulting from our entrance into World War No. 2 was initiated. The dramatic action taken by Mr. Farish was believed to have ended hopes of some oilmen that a "borrowing" system whereby one supplier holding sufficient stocks to meet his needs would help out other suppliers whose inventories were insufficient to cover their committments since it now appears as though such a program could not operate successfully.

Regulations restricting fuel oil deliveries to home, industries and for commercial purposes in the East were announced in Washington on February 20 by Petroleum Coordinator Harold L. Ickes as the Government sought to hold down consumption of heating oils in the face of fast diminishing inventories as a result of torpedoed tanker losses and diversion of other tankers to military purposes. Planned to spread the available supplies so that consumers may share equitably, the program, to become effective immediately, provides:

(1) No marketer shall deliver fuel oil to any consumer for uses other than for domestic heating if that consumer's stock of fuel oil is in excess of the amount he would normally use during the ensuing 14 days.

(2) If, however, a consumer's stock drops to or below the amount he would normally use in the next 14 days, the marketer will be permitted to sell or deliver an amount of fuel up to but not exceeding the capacity of a single tank car or other transportation unit normally used in making deliveries to the consumer, or an approximate two week's supply, whichever quantity is the smaller. Similar provisions govern deliveries by marketers to resellers.

(3) In the case of consumers using fuel oil for domestic heating, no delivery may be made if the consumer's stock exceeds 20% of the capacity of his fuel tank. When or if the consumer's stock falls below 20%, then a marketer may deliver fuel oil up to the amount required to bring the total contents of the tank to 75% of capacity.

The new rules, which affect deliveries in the 17 Atlantic Seaboard States, will hit the approximate 1,250,000 homes using oil for heating in the area. Certain exemptions were provided for such as for deliveries to hospitals and other essential services. Rail tank movements during the February 14 week, Mr. Ickes reported, hit a new high of 256,725 barrels daily, or the haul equivalent of approximately 50 ship tankers. The previous high of 222,975 barrels was recorded in the preceding week.

"The plan is not rationing and it should not be construed by anyone as rationing," the office of the Petroleum Coordinator pointed out. "Rationing comes into effect only when the consumption of a commodity is curtailed and controlled. This plan does not control consumption. It is the earnest hope of this office, however, that the public will use oil wisely, in order that we may accomplish the purpose of this plan: the most equitable possible spreading of available."

A few days prior to the delivery regulations, Petroleum Coordinator Ickes called for the pooling of tankers hauling oil from Gulf ports to the Atlantic Seaboard to counteract difficulties resulting from sinkings and transfer of vessels to military service. The oil industry was requested to prepare a program "for the most efficient utilization and operation of tank ships on a basis that will enable the equitable sharing of the available tonnage by all affected units of the industry."

Tankers now are being operated by the individual oil companies, several of which have been hit by tanker losses due to the enemy submarine campaign against coastwise shipping. Ralph K. Davies, Deputy Petroleum Coordinator, said it was "the particular desire of the Coordinator's office that no individual operator, and especially the small independent, be affected in degree greater than any other person or company engaged in meeting the needs of the East Coast for petroleum."

The March crude oil production rate was set this week by Petroleum Coordinator Ickes at 3,996,800 barrels compared with 4,101,800 barrels for the current month and 3,579,400 barrels for March last year. The March output figure, based upon the Bureau of Mines forecast of demand, is 105,000 barrels less than for February, despite the continued heavy demand for petroleum in Eastern consuming centers. Mr. Ickes said that the reduction reflected particularly the fact that crude oil and refined products stocks had been piled up on the Gulf Coast due to transportation difficulties.

A gain of 6,415 barrels in daily average production of crude oil in the United States for the week ended February 21 lifted the total to 4,077,473 barrels, the *Oil & Gas Journal* reported this week. Texas production was up 11,150 barrels to 1,513,000; Illinois up 6,610 barrels to 345,750; Oklahoma up 3,750 barrels to 396,750 barrels, and Eastern fields 1,450 to 112,750 barrels. Stocks of domestic and imported crude oil held in the United States during the February 14 week was up 2,097,000 barrels to 254,463,000 barrels, the Bureau of Mines reported this week. Holdings of domestic crude oil were up 2,374,000 barrels, with stocks of foreign crude oil dipping 277 000 barrels.

Shortage of tankers plus the hazards of coastwise shipping in running the submarine gauntlet have forced West Coast oil companies to resort to the use of railroad tank cars to carry California oil to the Pacific Northwest, despite the extremely high cost of such transportation as contrasted to the regular tanker system. Several shipments by rail have been made from central California and further shipments are planned from the central and southern sections of the state. The companies involved have had to use their own tank cars since the railroads have no excess cars.

The curtailed coastwise tanker shipments of crude and refined products have revived interest in pipelines to replace the lost shipping space. A week or so, Petroleum Coordinator Ickes made it known that he was planning to recommend the plans for the pipeline from East Texas to the Atlantic coast, which was dropped last summer when the industry could not obtain adequate supplies of raw materials. This week brought news that the Office of Petroleum Coordinator would be asked to discuss a proposed 900-mile pipeline from West Texas and New Mexico to San Francisco and Los Angeles while in Washington the Trans-American Pipeline Corp. has asked a defense transportation coordinator's committee to recommend approval of a new pipeline from Wichita County, Texas, to Savannah, Ga.

Representative price changes follow:

Feb. 20 — The Arkansas Fuel Oil Co. posted a top price of $1.20 a barrel for 40 gravity and above for crude produced in Haynesville field of Claiborne Parish, Louisiana, an initial posting.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

Retail prices of gasoline, reflecting the advances in the East authorized by the Office of Price Administration during the month, moved to the highest level since late 1937 during January with consumers paying 2.01 cents a gallon more in February than a year ago. The survey, which covered 50 leading cities throughout the country, showed net dealer prices of 10.16 cents a gallon on February 1, against 9.98 cents a month earlier and 8.54 cents a gallon on the comparable date a year ago.

The service station price of gasoline, the survey showed, was 14.12 cents a gallon, before taxes, an increase of 18 points over the January 1 level and comparing with 12.18 cents a gallon a year earlier. Adding 5.97 cents a gallon for taxes, consumers paid 20.09 cents a gallon on February 1, the highest since November, 1937, and compared with 19.91 on January 1 and 18.08 cents on February 1, 1941.

Total demand for motor fuel in the United States during March was forecast Tuesday by the Bureau of Mines at 55,600,000 barrels, a gain of 10% over actual demand for the comparable 1941 month. Statistics of the American Petroleum Institute, the Bureau said, indicated that gasoline inventories gained 5,700,000 barrels during Januray, which would bring them to approximately 99,800,000 barrels on January 31, or better than 9,000,000 barrels over the motor fuel in stock a year earlier.

However, the distribution indicates 'there will be difficulties in supplying the needs in the Atlantic Coast and North Pacific Coast areas," the Bureau said, adding that the Indiana-Illinois district may be called upon to furnish a greater proportion to the East Coast and the Appalachian districts than heretofore. The reference to the two coasts indicated that the Bureau apparently felt that enemy submarine attacks would continue to hamper coastwise tanker movements.

"The total demand for all oils in December, 1941, showed a gain of almost 17% over December, 1940, and partial data available for January indicated an estimated gain of about 14% over January, 1941," the Bureau stated. "These figures indicate a rate of total demand considerably higher than was anticipated. The sharp drop in demand for crude petroleum in January consequently was not due to a decline in the total demand for all oils but to a reduction in refinery runs, with the rise in crude stocks being offset by an unusually large seasonal reduction in refined stocks, particularly of fuel oils.

"This situation may be attributed to the disturbance of regional movements in the East Coast and West Coast districts, to uncertainty as to the future trend of gasoline due to tire rationing and to a consequent readjustment in refinery operations reflected in a reduction of total runs with abnormal seasonal yields of gasoline and low seasonal yields of distillate and residual fuel oil. While the demand for all oils may be reduced materially if rationing becomes necessary on the East Coast the current rate of crude runs seems lower than is warranted by the trends of total demand and further large decreases in national stocks of refined products seem undesirable."

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Secony-Vac	$.088
Tide Water Oil	.088
Texas	.088
*Shell Eastern	.088
Other Cities—	
Chicago	.06-.06⅜
Gulf Coast	.06-.06
Oklahoma	.06-.06⅜

*Super.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.054
Philadelphia	.054
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04⅜-.04¾

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C	$1.35
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C	1.35
Gulf Coast	.85
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28.30 D	.053
Tulsa	.03⅝

Moody's Daily Commodity Index

Tuesday, Feb. 17	229.0
Wednesday, Feb. 18	228.0
Thursday, Feb. 19	227.5
Friday, Feb. 20	228.2
Saturday, Feb. 21	228.1
Monday, Feb. 23	*
Tuesday, Feb. 24	228.1
Two weeks ago, Feb. 10	226.5
Month ago, Jan. 24	225.9
Year ago, Feb. 24	174.2
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—Feb. 17	229.0
Low—Jan. 2	220.0

*Holiday.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†

(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings *				Corporate by Groups *		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Feb. 24	116.42	106.56	115.82	113.31	107.62	91.62	96.85	110.15	113.31
23			STOCK EXCHANGE CLOSED						
21	116.36	106.56	115.82	113.31	107.62	91.62	97.00	110.15	113.50
20	116.32	106.56	115.82	113.31	107.80	91.62	96.85	110.34	113.50
19	116.10	106.56	116.02	113.31	107.80	91.62	96.85	110.34	113.50
18	115.90	106.56	116.22	113.50	107.80	91.48	96.85	110.52	113.50
17	116.03	106.56	116.02	113.50	107.80	91.48	96.85	110.52	113.50
16	116.30	106.74	116.22	113.50	107.80	91.62	97.00	110.70	113.31
14	116.39	106.74	116.22	113.50	107.80	91.77	97.00	110.52	113.50
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50
12			STOCK EXCHANGE CLOSED						
11	116.56	106.74	116.22	113.50	107.08	91.77	97.00	110.70	113.70
10	116.70	106.74	116.22	113.70	107.98	91.77	97.16	110.70	113.70
9	116.93	106.92	116.22	113.70	107.98	91.91	97.16	110.52	113.70
7	117.01	106.92	116.22	113.70	107.98	91.91	97.16	110.52	113.70
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
5	117.10	106.92	116.41	113.70	107.80	91.91	97.16	110.52	113.70
4	117.10	106.74	116.22	113.70	107.80	91.91	97.16	110.52	113.70
3	117.16	106.74	116.22	113.70	107.80	91.91	97.16	110.52	113.50
2	117.17	106.74	116.22	113.50	107.80	92.06	97.31	110.52	113.50
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.10	106.92	116.61	114.08	107.98	92.06	97.47	110.88	113.89
Low 1942	115.90	106.04	115.82	113.31	107.09	90.63	95.92	110.15	113.31
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Feb. 24, 1941	116.25	105.69	117.00	112.75	106.21	89.64	95.62	109,60	112.75
2 Years ago Feb. 24, 1940	115.32	102.30	116.02	112.00	101.14	84.30	90.63	107.09	110.88

MOODY'S BOND YIELD AVERAGES†

(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Feb. 24	3.36	2.86	2.99	3.30	4.30	3.95	3.16	2.99
23		STOCK EXCHANGE CLOSED						
21	3.36	2.86	2.99	3.30	4.30	3.94	3.16	2.98
20	3.36	2.86	2.99	3.29	4.30	3.95	3.15	2.98
19	3.36	2.85	2.99	3.29	4.30	3.95	3.15	2.98
18	3.36	2.84	2.98	3.29	4.31	3.95	3.14	2.98
17	3.36	2.85	2.98	3.29	4.31	3.95	3.14	2.98
16	3.35	2.84	2.98	3.29	4.30	3.94	3.13	2.99
14	3.35	2.34	2.98	3.29	4.29	3.94	3.14	2.98
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.98
12		STOCK EXCHANGE CLOSED						
11	3.35	2.84	2.98	3.29	4.29	3.94	3.13	2.97
10	3.35	2.84	2.97	3.28	4.29	3.93	3.13	2.97
9	3.34	2.84	2.97	3.28	4.28	3.93	3.14	2.97
7	3.34	2.84	2.97	3.28	4.28	3.93	3.14	2.97
6	3.35	2.83	2.93	3.29	4.28	3.93	3.13	2.97
5	3.34	2.83	2.97	3.29	4.28	3.93	3.14	2.97
4	3.35	2.84	2.97	3.29	4.28	3.93	3.14	2.97
3	3.35	2.84	2.97	3.29	4.28	3.93	3.14	2.98
2	3.35	2.84	2.98	3.29	4.27	3.92	3.14	2.98
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.86	2.99	3.33	4.37	4.01	3.15	2.99
Low 1942	3.34	2.82	2.95	3.28	4 27	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago Feb. 24, 1941	3.41	2.80	3.02	3.38	4.44	4.03	3.19	3.02
2 Years ago Feb. 24, 1940	3.61	2.85	3.06	3.68	4.84	4.37	3.33	3.12

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Statutory Debt Limitation As Of Jan. 31, 1942

The Treasury Department made public on Feb. 4 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding Jan. 31, 1942, totaled $61,085,295,257 thus leaving the face amount of obligations which may be issued subject to the $65,000,000,000 statutory debt limitation at $3,914,704,743. In another table in the report the Treasury indicates that from the total face amount of outstanding public debt obligations ($61,085,295,257) should be deducted $1,641,662,023 (the unearned discount on savings bonds), reducing the total to $59,443,633,234, and to this figure should be added $567,946,117, the other public debt obligations outstanding, which however, are not subject to the debt limitation. Thus, the total gross public debt outstanding on Jan. 31 is shown as $60,011,579,351.

The following is the Treasury's report as of Jan. 31:

Statutory Debt Limitation as of Jan. 31, 1942

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $65,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$65,000,000,000
Outstanding as of Jan. 31, 1942:			
Interest-bearing:			
Bonds—			
Treasury	$34,383,270,400		
Savings (maturity value)*	8,839,980,075		
Depositary	68,611,000		
Adjusted service	732,265,157		
		$44,024,126,632	
Treasury notes	12,061,194,875		
Certificates of indebtedness	2,789,800,000		
Treasury bills (maturity value)	2,101,451,000		
		16,952,445,875	
		$60,976,572,507	
Matured obligations, on which interest has ceased		108,722,750	
			61,085,295,257
Face amount of obligations issuable under above authority			$3,914,704,743

Reconcilement with Daily Statement of the United States Treasury Jan. 31, 1942

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$61,085,295,257
Deduct, unearned discount on Savings bonds (difference between current redemption value and maturity value)		1,641,662,023
		$59,443,633,234
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (Pre-War, etc.)	$195,990,180	
Matured obligations on which interest has ceased	11,563,415	
Bearing no interest	360,392,522	
		567,946,117
Total gross debt outstanding as of Jan. 31, 1942		$60,011,579,351

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement $7,198,318,052.

1941 Automobile Financing Higher

The dollar volume of retail automobile financing in December, 1941 was 35.2% less than in December, 1940, 12.9% less than in December, 1939, and 9.8% more than in November, 1941, according to an announcement released Feb. 14 by J. C. Capt, Director of the Census. Wholesale financing was 21.9% less than in December, 1940, 10.2% more than in December, 1939, and 2.1% more than in November, 1941. Retail automobile receivables outstanding on Dec. 31 for 214 firms was reduced by 5.1% since Nov. 30 of this year. These 214 organizations accounted for the 94.5% of the total volume of retail financing reported for December by 400 organizations.

The total number of new and used cars financed in 1941 was 9.4% higher than in 1940, and 31.6% higher than in 1939. The dollar volume of retail financing in 1941 was 16.4% higher than in 1940, and 48.6% higher than in 1939. The average paper for the financing of new cars increased by 7.5% over 1940, and 12.9% over 1939. The average paper for used cars increased by 10.3% and 15.0%, respectively.

The table below presents statistics on wholesale and retail financing for 400 firms with monthly figures for 1941, and total figures for the year of 1940 and 1939. Figures of automobile financing for the month of November, 1941, were published in the Jan. 22, 1942 issue of the "Chronicle," page 340.

	Wholesale Financing	Retail Financing (400 Organizations)					
		Total		New Cars		Used and Unclassified Cars	
Year and Month	Volume in Thousand Dollars	Number of Cars	Volume in Thousand Dollars	Number of Cars	Volume in Thousand Dollars	Number of Cars	Volume in Thousand Dollars
1941—							
January	$236,870	323,220	$147,186	112,583	$80,738	210,632	$66,447
February	248,288	346,450	158,693	125,094	89,540	221,356	69,152
March	270,486	434,723	202,792	166,791	118,369	267,932	84,423
April	243,103	507,929	236,800	192,750	136,463	315,179	100,336
May	251,490	528,509	248,313	196,797	141,024	331,712	107,289
June	231,322	508,266	238,039	179,309	129,877	328,957	108,162
July	202,022	455,830	210,627	151,157	110,624	304,673	100,003
August	91,772	381,511	172,801	110,782	83,518	270,729	89,282
September	89,333	250,656	104,078	56,055	43,427	194,601	60,651
October	198,874	247,214	106,680	67,162	50,073	180,052	56,606
November	194,258	208,727	94,901	57,938	44,425	150,789	50,476
December	198,294	*223,768	104,243	61,932	47,981	161,834	56,262
Total (1941)	2,456,117	4,416,803	2,025,159	1,478,355	1,076,064	2,938,448	949,095
Total (1940)	2,163,902	4,038,535	1,740,329	1,449,822	981,951	2,588,713	758,378
Total (1939)	1,507,707	3,355,645	1,363,025	1,154,184	744,742	2,201,461	618,282

*Of this number 27.7% were new cars, 71.8% were used cars, and 0.5% unclassified.

RETAIL AUTOMOBILE RECEIVABLES OUTSTANDING END OF MONTH AS REPORTED BY 214 IDENTICAL ORGANIZATIONS

	1941 $	1940 $		1941 $	1940 $
January	1,180,906,448	876,699,079	July	1,542,871,600	1,105,275,234
February	1,208,702,083	887,096,773	August	1,560,029,489	1,116,928,055
March	1,255,229,506	918,645,709	September	1,493,636,261	1,097,627,143
April	1,340,696,165	971,940,670	October	1,435,361,363	1,114,526,350
May	1,432,542,508	1,021,533,732	November	1,379,444,978	1,137,469,065
June	1,499,983,244	1,063,638,452	December	1,308,676,173	1,166,050,596

January Chain Store Sales At $358,519,862

According to a compilation made by Merrill Lynch, Pierce, Fenner & Beane, 30 chain store companies, including two mail order companies, reported an increase of 36.5% in sales for January, 1942.

Although all groups benefited substantially from the month's general buying wave, companies concentrating on apparel lines made the best showing. In the aggregate, sales of six such companies were 58.6% greater than those for the initial month of 1941, with Bond Stores, Inc. having made the extreme individual gain of 156.8%. During the month fears of future shortages stimulated consumer purchases, as governmental orders restricted new production of rubber goods and woolens for civilian use. Combined sales of three shoe chains were 49.6% in excess of those for January, 1941. On the other hand, at 33.7%, the rate of sales improvement accomplished by the two mail order companies was less than that for the chain store group as a whole, as was that of the one auto supply chain. In 1941, these two groups had led the procession. The compilation follows:

Sales	Month of January 1942	Month of January 1941	% Inc.
6 Grocery Chains	$104,232,724	$75,650,911	37.8
11 5 & 10c Chains	78,295,344	60,303,895	29.8
6 Apparel Chains	45,261,035	28,534,521	58.6
1 Drug Chain	7,501,954	6,497,637	15.8
3 Shoe Chains	6,801,470	4,545,789	49.6
1 Auto Supply	4,946,000	3,686,000	34.2
28 Chains	$247,038,527	$179,200,753	37.9
2 Mail Orders	111,481,335	83,366,214	33.7
30 Companies	$358,519,862	$262,566,967	36.5

Small Business Division In War Production Favored; Murray & Sabath Bills Introduced

A bill proposing an amendment to the Reconstruction Finance Corp. to permit loans to be made without delay to small business firms engaged in any phase of war production work, was introduced in the House on Feb. 17 by Representative Sabath (Democrat), of Illinois. On the same day the formation of a division of small business production within the War Production Board was urged on Feb. 17 by Thurman Arnold, Assistant Attorney General in charge of the Anti-Trust Division, following his declaration that small business must have help in presenting its case and also that it must have independent representation. This is learned from advices to the New York "Journal of Commerce" from its Washington bureau, which reported Mr. Arnold as making his suggestions in testifying at a hearing before the Senate Banking and Currency Committee on the small business bill introduced by Senator James E. Murray (Democrat), of Montana. In its account, the "Journal of Commerce" had the following to say:

> Mr. Arnold said that the principal function of the proposed WPB small business unit would be to act as "counsel" for small business companies, which he defined as any business unable to employ its own representatives in Washington.
>
> Mr. Sabath's bill calls for creation of a small business loan corporation, with a capital of $100,000,000, to be financed by the RFC, which would make loans direct or at discount, or guarantee loans made by banks to small business companies.
>
> The proposed division of small business production in the Murray bill would inventory resources, promote contracts for small business, and expand production of needed raw materials.
>
> The bill also authorized the formation of a Small Defense Plants Corporation within Reconstruction Finance Corporation, which would be charged with financing the conversion and operation of small defense plants needed in the defense program.
>
> Speaking in support of his measure, Senator Murray said that its purpose is to "protect small business from threatened destruction by mobilizing the productive facilities of small business in the interests of successful prosecution of war and the keeping alive of all consumer business which will fortify morale on the home front."
>
> Mr. Arnold said that, as matters now stand, the small business man is confused in attempts to go any kind of business with the Government.
>
> "The essence of the problem," he explained, "is that the small operator doesn't understand, and indeed may be adversely affacted, by regulations, approvals, pooling, orders, etc., embodied in actions of defense agencies.

* * *

Congressman Sabath said that small business is more important in the war production program than the average person realizes, and pointed, in justification of his bill, to evidence that small business men are handicapped in obtaining loans to complete war contracts.

Early in February (Feb. 5) a Senate Committee (headed by Senator Murray), holding war procurement agencies responsible for the situation confronting small business, reported that small business enterprise is facing bankruptcy, from which it could be rescued only by having "a definite and effective voice in the administration of the war effort."

The report, made by a committee investigating problems of small business, said the Associated Press, was accompanied by a request for legislation to create a division of small business production within the War Production Board to give small business a voice in "the administration of the war effort." From the Associated Press we also quote:

> "Those engaged in the business of procurement," the Committee said, "particularly in the Office of Production Management (now the War Production Board), the Army, the Navy and the Treasury, have preferred to deal with large business rather than small business, and have made no special effort to distribute beyond the largest business units the contracts they have to dispose of.
>
> "In some cases the fact that the procurement officers have always been associated with large business has even made the neglect seem deliberate; but in general all of the contract departments have failed to recognize the vital role of small business . . . in the winning of this war."
>
> Reporting that the war program was only one phase of the problems of small business, the Committee said Congress should give consideration to long-range aid in the form of a separate Government department to deal with small business problems, instead of leaving the subject under the jurisdiction of the Department of Commerce.
>
> The Committee said that 56 of America's 184,230 manufacturing establishments had received more than 75% of Army and Navy contracts, while the "remaining fragment of the defense program is distributed among about 6,000 prime contractors."
>
> "Of the concerns not included in the defense program directly," the report added, "about 4,000 hold subcontracts. Over 174,000 manufacturing establishments have not been touched by the Office of Production Management in its mobilization of the Nation's industrial resources."

On Feb. 5 Senator Murray, the Chairman of the Senate Committee, told the Senate that under the Committee's bill the proposed new division would make a comprehensive inventory of the small business capacity of the United States to determine how it could best be used in war production.

On Jan. 25 it was disclosed by Floyd Odlum, special adviser to Donald Nelson, War Production Board Chairman, that recommendations that a separate non-war agency be set up to minister to the needs of small business and see that it gets enough civilian business to keep operating have been devised. At that time the Washington "Post" said that Mr. Odlum, who was in charge of the Division of Contract Distribution of the now defunct OPM, outlined his proposal over the American Forum of the Air radio program broadcast from Hotel Shoreham. His proposals, it was stated, were presented to Mr. Nelson and to Lieut. Gen. William Knudsen.

Small business, according to De Witt Emery, is bigger than so-called big business in national income, men employed and wages paid. Mr. Emery, who is founder and Manager of the National Small Business Men's Association, commented thus on Feb. 14, in discussing "Small Business, Labor and War Production," over the Mutual Network. He declared that Washington has not yet recognized the full war production possibilities of small business, and stated that small business "is a giant of unsuspected and unbelievable capacity, not for the production of tanks, ships and airplanes, but for producing the bits and pieces without which tanks, airplanes and ships can not be built."

Mr. Emery stated that part of the fault behind the non-participation of small manufacturers is the reluctance of small business to convert to war work as long as they are not able to find out whether their regular output is to be classed as essential or non-essential.

Mr. Emery sounded a warning to businesses that are not essential and have made no effort to convert to war production. He pointed out that any essential machinery may be seized by the Government even though the removal of one machine might disrupt the operation of the entire plant.

A warning to labor was also sounded by Mr. Emery, who stated:

> "Strikes, jurisdictional and otherwise have got to stop. Also slow-downs and any and all other interferences with production, including the practice of many unions refusing admittance to factories of men and women who have not paid their dues."

New Cotton Exch. Member

At a meeting of the Board of Managers of the New York Cotton Exchange on Feb. 17, David Ker, a partner of Wolford, Geer & Ker of New Orleans, was elected to membership in the Exchange. Mr. Ker is also a member of the New Orleans Cotton Exchange.

Factory Employment Lower In January Except In Defense Industries, Payrolls Higher

Number of persons employed in New York State factories dropped 1.5% between the middle of December and the middle of January, according to a statement issued Feb. 20 by Industrial Commissioner Frieda S. Miller. Total weekly payrolls rose 2.2% during the month. The Commissioner stated that "as in December, increases in both employment and payrolls were reported by most firms in defense industries while decreases, due partly to seasonal factors, were noted in most industries producing goods for civilian consumption. These statements are based on preliminary tabulations covering reports from 2,325 representative manufacturers who employed a total of 538,204 shop workers in January on a weekly payroll of $19,466,800," said the Department's advices, which added:

> Index numbers of factory employment and payrolls, compiled by the Division of Statistics and Information under the direction of Dr. E. B. Patton, are being published for the first time with the years 1935-39 instead of 1925-27 as 100. The industry classification used is that recently prepared by the Technical Committee on Industrial Classification of the U. S. Division of Statistical Standards. Factory office workers are no longer included. Index numbers for January, on the new basis, were 139.1 (preliminary) for employment and 198.5 (preliminary) for payrolls. These figures represent gains of 18.0% and 45.4%, respectively, over January a year ago.

Payrolls Higher In Most Industrial Areas

All of the larger industrial centers of the State except Binghamton - Endicott - Johnson City reported higher payrolls in January than in December, although only three, Utica, Albany - Schenectady - Troy, and Buffalo reported more employees. The employment gains gains were due, in each instance, to hirings at defense plants. Payroll gains were more widely distributed. In the Buffalo area nearly all industries reported some increase in total payrolls. In Utica gains were noted in both metals and textiles as well as in some of the smaller industries. In the Albany - Schenectady - Troy area there were few increases in payrolls except in the metal industries.

Shoe factories in the Binghamton-Endicott-Johnson City area reported a small increase in employment between December and January which was wiped out by decreases in most other industries. Somewhat lower payrolls were reported in nearly all industries. Seasonal losses at canneries in the Rochester area and reduced activity in the clothing factories tended to offset gains at most of the other large Rochester industries. Changes in employment in the Syracuse area were relatively slight, although the changes that did occur were, for the most part, downward. Payrolls, on the other hand, were higher in most industries with especially large gains at plants making automobile equipment and other metal products.

New York City factories reported a drop of 2.9% in employment and a rise of 0.9% in payrolls between December and January. Nearly all industries in the food, tobacco, clothing and textile groups reported fewer employees and lower payrolls. Losses were heaviest in the fur goods and women's and misses' outerwear industries and in those industries making holiday merchandise such as candy, tobacco products, men's furnishings, women's underwear and miscellaneous apparel and accessories. Gains in both employment and payrolls were noted in the manufacture of children's and infants' outerwear, millinery and meat products. Fairly severe losses were recorded also in the manufacture of rubber products, stone, clay and glass products, leather products, and in printing and paper goods. Smaller decreases were reported by manufacturers of chemicals and wood products. The gains in employment and payrolls which occurred in the New York City area were concentrated almost entirely in the transportation equipment and machinery industries and in a few other industries making products wholly or partly of metal.

	Percentage Change Dec., 1941 to Jan., 1942 (Preliminary)	
Locality—	Employment	Payrolls
Total State	—1.5	+ 2.2
Utica	+1.4	+10.1
Albany-Schenectady-Troy	+1.2	+ 7.3
Buffalo	+0.7	+ 7.8
Rochester	—0.8	+ 1.7
Syracuse	—1.1	+ 2.5
Binghamton-Endicott-Johnson City	—1.3	— 1.4
New York City	—2.9	+ 0.9

'Dollar-A-Year' Policy

Donald M. Nelson, Chairman of the War Production Board, issued on Feb. 17 new regulations concerning the appointment of persons on a "dollar-a-year" basis and for those employed on a "without compensation" status. Mr. Nelson recently outlined his plans for such a program before the Senate Defense Investigating Committee, which had questioned the policy of employing such persons.

The following is the procedure which Mr. Nelson indicated on Feb. 17 would be observed:

> Each appointee must be an American citizen of high integrity and good moral character, of outstanding experience and ability, qualified for a responsible administrative, technical, consulting or advisory position, and in receipt of earned income from his current non-governmental employment at a rate of at least $5,600 a year.
>
> The position to which the appointment is made must be one requiring special business or technical knowledge and experience.
>
> No "dollar-a-year" appointee shall make determinations directly affecting the affairs of the firm or company in which he is employed.
>
> No permanent appointment shall be made except after a thorough investigation of the proposed appointee by one of the investigatory agencies of the Government.
>
> The procedure relating to appointment of persons on a "without compensation" basis stipulates that such appointees may serve in an advisory capacity as Government consultants working in the public interest and not as representatives of a private employer or industry. Any person serving on such a basis may not be permitted to assume any administrative responsibility or to exercise any authority over, or direction of the work of, executives or employees of the War Production Board.

Mr. Nelson designated Sidney J. Weinberg, one of his assistants, to administer the new regulations, and also instructed WPB division heads to examine the lists of all "dollar-a-year" men now serving and to "terminate the appointments of all who do not qualify" within 30 days.

U. S. Labor Department Reports On Factory Workers' Hours And Earnings In December

Average hourly earnings of factory workers advanced 0.8% from mid-November to mid-December, to reach a level of 78.7 cents, Secretary of Labor Frances Perkins reported on Feb. 11. "This rise resulted partly from increased overtime and partly from wage-rate increases," she said. "Working hours in many of the defense industries exceeded previous levels and the average for all manufacturing (41.2 hours) showed an increase of 2.3% from November to December. Average weekly earnings ($33.69) increased 3.3% over the month. Over the preceding year hourly earnings rose 15.2%; average hours worked per week increased 3.6%, and weekly earnings advanced 20.3%," said Secretary Perkins, who added:

> While a larger number of wage earners received wage increases in December than in the preceding month, the total number affected as reported to the Bureau of Labor Statistics was only about half the October total and one-fourth the total affected during April, the peak month of 1941. From Nov. 15 to Dec. 15 wage increases averaging 7.4% and affecting approximately 238,000 employees in 576 manufacturing establishments were reported. In the durable-goods industries about 122,000 workers were affected, while in the nondurable-goods industries approximately 116,000 secured advances. Industries in which substantial numbers of workers were granted wage increases were as follows: boots and shoes, 24,600; paper and pulp, 19,000; foundries and machine shops, 14,800; steam and hot-water heating apparatus and steam fittings, 12,100; chemicals, 10,000; machine tools, 9,300; electrical machinery, 8,800; rayon and allied products, 7,800; brass, bronze and copper products, 6,400; instruments—professional, scientific and commercial, 5,900; cotton goods, 5,500; and radios, 5,300. Inasmuch as some firms may have failed to report wage increases to the Bureau of Labor Statistics and as the survey does not over all establishments in an industry, these figures should not be construed as representing the total number of wage changes occurring during the period.
>
> Among the key defense industries, the machine-tool and machine-tool accessories industries reached new high levels in working hours, with averages in December of 53.8 hours and 54.1 hours, respectively. The firearms industry also was in excess of 50 hours per wage earner with an average of 52.5 hours. Average weekly hours in other strategic industries were as follows: engines, turbines, etc. (49.9); explosives (47.0); foundries and machine shops (46.3); aircraft (46.2); shipbuilding (46.0); electrical machinery (44.7); brass, bronze, and copper products (44.5); ammunition (44.1); and blast furnaces, steel works and rolling mills (40.0).
>
> Average hours per week in durable goods in December (42.8) were 2.3% above the November level, and 3.8% higher than in December, 1940. Hours in nondurable goods (39.4) increased 2.2% over the month, and 2.8% over the year. Gains in hourly earnings over the month were 0.6 and 1.1%, respectively. The durable-goods industry showed an increase over the year of 16.2%, as compared with a rise of 12.4% for nondurable goods. Weekly earnings in the durable-goods industries ($38.65) increased 3.2%, while those in the nondurable-goods industries ($26.90) showed a rise of 3.4% over the month. Weekly earnings in durable goods were 21.4% higher than in December, 1940, as compared with a rise of 16.1% in nondurable goods.
>
> Average hourly earnings in the various mining industries showed but little change between mid-November and mid-December. Weekly earnings fell 12% in anthracite mines as a result of an approximately equivalent decrease in average hours worked. Moderate increases in weekly earnings were reported by the other mining industries. The levels of weekly earnings in both wholesale and retail trade showed little change from mid-November to mid-December. Hours worked in both branches of trade were slightly below December, 1940, levels, but weekly earnings were higher as hourly earnings increased over the year.
>
> Each of the three branches of public utilities surveyed showed increases in average hours worked and hourly earnings. In the remaining industries surveyed, the changes over the month were not significant, except in private building construction, where increases in both hours and hourly earnings resulted in a gain of 5.3% in weekly earnings between November and December.

Favors Full Time Work On Holidays For Duration

In accordance with the request of War Production Chief Nelson, practically all shops and factories producing essential war goods worked full time on Washington's birthday, observed this year on Monday 23. It is likely that this policy will also be observed on future national holidays.

Mr. Nelson made his request for no shutdown on the production line in a statement issued Feb. 18. He told management and labor that the country "is fighting for its life," adding that "if we lose the battle of production we lose the war."

Mr. Nelson's statement was as follows:

> The United States is fighting for its life. I mean that. We're on the spot. We're paying heavily for our complacency, for our selfishness, for our failure to peel off our shirts and do a job.
>
> A lot of good American boys right now are face to face with a grim, determined, well-equipped enemy. They're taking punishment—taking it with courage and in the spirit that has always animated American troops. But those boys can't stop planes and tanks with their bare hands. They can't get where they have got to go without what it takes to get there. Only we can give it to them.
>
> You and I, every one of us here at home, must realize now, today, that we can give those boys the weapons they need only by going the limit in producing them. We cannot let any consideration whatsoever interfere with the job of production.
>
> In this battle of production—on which the actual physical battle with the enemy depends—we can waste neither time, men nor machinery. We cannot win unless we make the most effective use possible of all three. And if we lose the battle of production we lose the war.
>
> Monday, Feb. 23, will be celebrated as Washington's Birthday. The best way to celebrate this year will be to make that Monday a day of full production in every shop and factory producing essential goods for war.
>
> This responsibility rests on both management and labor. We must not have a Washington's Birthday shutdown anywhere on the production line.
>
> If in any plant a holiday is scheduled for next Monday—cancel it.
>
> If in any plant there is disagreement as to the terms under which work will be done on Washington's birthday—do the job and settle later. We, in the War Production Board, will help you adjust it if you wish. The important thing is to get the work done.
>
> The most effective way to honor George Washington's memory this year is to work full time so that the nation to which he gave independence can make that independence stick.

Urge Nat'l Garden Week

Secretary of Agriculture Claude R. Wickard and Paul V. McNutt, Director of the Office of Defense Health and Welfare Services, have sent a joint letter to all State Governors suggesting that they issue a proclamation setting aside one week before March 1 as National Garden Enrollment Week. They were requested to send the letter by the National Advisory Garden Committee appointed recently. Gov. Prentice Cooper of Tennessee is Chairman of the Committee. "Family Gardens and Home Food Supplies, particularly on farms, are significant elements in community war food production plans," Secretary Wickard and Director McNutt pointed out. "The Department of Agriculture is very anxious that there be a good garden on every farm. Gardens can contribute much to the objective of the National Nutrition Program." The Department's announcement said:

> State Agricultural Extension Services in a number of States already have held Victory Garden Conferences of State agencies and groups interested in gardens. Victory garden programs are well underway in most States. The fullest cooperation of State Governors, and the proclamation setting aside a special garden week, should do much to help the various agencies in enrolling farmers and town and suburban people who have available ground and garden facilities and who wish to plant an adequate garden for home food supply.

Mtg. Bankers To Meet

The principal speakers at the first 1942 Conference and Mortgage Clinic of the Mortgage Bankers Association of America, to be held at the Knickerbocker Hotel in Chicago, Feb. 27 and 28, are Sullivan Jones, Director of Housing Priorities of the War Production Board; Raymond T. Cahill, Assistant FHA Administrator; Claude L. Benner, Vice-President, Continental American Life Insurance Co., Wilmington, and James A. McLain, President, The Guardian Life Insurance Co. of America. Mr. Jones will speak on priorities as they affect housing and Mr. Cahill will talk on FHA Title VI loans for defense housing. Mr. Benner will speak on the outlook for mortgage banking in a wartime economy and Mr. McLain's address will be devoted to conventional-type mortgages.

Approximately 600 mortgage bankers, commercial bankers, real estate and title and trust company officials from 15 middle western and southern States are expected. Similiar two-day clinics are scheduled for March, April and May in Seattle, San Francisco, Los Angeles, Dallas, New Orleans, Philadelphia, Atlanta, Nashville and Cleveland and one-day meetings in Salt Lake City and Denver.

FHLBS Housing Loans

Nearly $700,000,000 was advanced by member savings and loan associations of the Federal Home Loan Bank System for construction and purchase of homes in defense areas during 1941, according to a survey published in the current issue of the Federal Home Loan Bank Review. The announcement by the Home Loan Bank Board Feb. 21 says:

> These associations reported loans for all purposes in defense areas totaling $900,000,000. New construction loans aggregated $311,000,000, while an additional $370,000,000 was advanced for home purchases.
>
> For the second consecutive year, the Review said, new mortgage lending by all savings and loan associations in the United States exceeded a billion dollars, reaching a peak of $1,378,000,000 for 1941. This was the highest volume in 12 years and represented an increase of 15% over 1940.
>
> State-chartered members of the Federal Home Loan Bank System showed the largest gain in lending volume, 21% above 1940, while the Federal savings and loan associations recorded an increase of 14.6%. Savings and loan associations which are not members of the System reported an increase of 2%.
>
> The Federal Home Loan Bank System provides a credit reserve for some 3,850 thrift and home-financing institutions. with assets of more than $5,400,000,000.

F. D. Underwood Dies

Frederick Douglass Underwood, formerly for 25 years President of the Erie RR., and a leading figure in railroad circles, died on Feb. 18 at his home in New York. Becoming head of the Erie in 1901, when the road was in dire straits, Mr. Underwood in the effective administration of its affairs succeeded in raising it to a marked state of efficiency at the time he retired on Dec. 31, 1926. Mr. Underwood, who was born in Wauwatosa, Wis., and was the son of the Rev. Enoch D. Underwood, began his career as a clerk and brakeman on the old Chicago, Milwaukee & St. Paul Railroad, working his way up, said the New York "Times" of Feb. 20, to the general managership of the Baltimore & Ohio before he was named President of the Erie by the late J. Pierpont Morgan and James J. Hill.

WPB Auto Branch Appoint

John E. Graham, of Pelham Manor, N. Y., has been appointed Assistant Chief of the Automotive Branch of the War Production Board, with headquarters in Washington, it was recently announced by Ernest Kanzler, head of the division. Before becoming associated with the Automotive Branch at the time it was originally established under the old Office of Production Management, he had been engaged in the coal business in Johnstown, Pa., Chicago and New York City.

Mr. Kanzler also announced the following appointments:

> G. F. Dowling, of New York City, as Acting Chief of the Medium and Heavy Truck Section.
>
> Fred B. Lautzenhiser, of Chicago, as Technical Consultant, particularly on all matters affecting trucks.
>
> Charles S. Doerr, of Washington, as Chief of the Military and Export Requirements Section.
>
> Gardner S. Platt, of Washington, as Acting Chief of the Passenger Car and Light Truck Section.

January Department Store Sales in New York Federal Reserve District 35% Above Year Ago

Sales of department stores in the Second (New York) Federal Reserve District increased 6% during January as compared with a year ago, according to an announcement issued Feb. 19 by the Federal Reserve Bank of New York. Stocks of merchandise on hand in department stores at the end of January were 34% more than at the end of January, 1941.

The apparel stores in the New York Reserve District reported a gain of 26% in net sales in January as compared with a year ago. Apparel stores' stock on hand at the end of the month was 33% above a year ago.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES: JANUARY, 1942
Second Federal Reserve District

Department stores	Percentage changes from a year ago Net Sales	Stock on hand e.o.m.
*New York City	+31	+33
*Northern New Jersey	+38	+41
Newark	+37	+41
Westchester and Fairfield Counties	+39	+18
Bridgeport	+42	+29
Lower Hudson River Valley	+40	+28
Poughkeepsie	+47	----
Upper Hudson River Valley	+44	+27
Albany	+41	----
Central New York State	+51	+41
Mohawk River Valley	+69	+49
Syracuse	+46	+38
Northern New York State	+34	----
Southern New York State	+52	+28
Binghamton	+52	----
Elmira	+56	----
Western New York State	+46	+33
Buffalo	+51	+39
Niagara Falls	+59	+26
Rochester	+40	+27
*All department stores	+35	+34
*Apparel stores	+26	+33

*Subject to possible revision. 26 shopping days in January, 1942 (5 Saturdays). 26 shopping days in January, 1941 (4 Saturdays).

INDEXES OF DEPARTMENT STORE SALES AND STOCKS, SECOND FEDERAL RESERVE DISTRICT
(1923-1925 average = 100)

	1941 Jan.	1941 Nov.	1941 Dec.	1942 Jan.
Sales (average daily), unadjusted	†78	130	194	104
Sales (average daily), seasonally adjusted	†98	109	107	132
Stocks, unadjusted	†74	132	105	99
Stocks, seasonally adjusted	†82	111	107	110

†Revised

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on Feb. 11 that reports received by the bank from commercial paper dealers show a total of $380,600,000 of open market paper outstanding on Jan. 31. This amount compares with $374,500,000 of commercial paper outstanding on Dec. 31, 1941, and with $232,400,000 on Jan. 31, 1941.

In the following table we give a compilation of the monthly figures for two years:

1942—	$	1941—	$
Jan. 31	380,600,000	Jan. 31	232,400,000
1941—		1940—	
Dec. 31	374,500,000	Dec. 31	217,900,000
Nov. 29	387,100,000	Nov. 30	231,800,000
Oct. 31	377,700,000	Oct. 31	252,400,000
Sept. 30	370,500,000	Sept. 30	250,700,000
Aug. 30	353,900,000	Aug. 31	244,700,000
July 31	329,900,000	July 31	232,400,000
June 30	299,000,000	June 29	224,100,000
May 31	295,000,000	May 31	234,200,000
Apr. 30	274,600,000	Apr. 30	238,600,000
Mar. 31	263,300,000	Mar. 30	233,100,000
Feb. 28	240,700,000	Feb. 29	226,400,000
		Jan. 31	219,400,000

FDIC Income For 1941 Largest On Record

Income of the Federal Deposit Insurance Corporation for the year ended Dec. 31, 1941, was $62,043,574, the largest for any such period in the corporation's history, it was announced on Feb. 12 by Leo T. Crowley, Chairman of the FDIC. In his report as of Dec. 31, 1941, Chairman Crowley says that the surplus of the corporation amounted to $264,199,903, which exceeds the $262,489,833 total assessments paid by insured banks since the beginning of Federal deposit insurance. Other features of the report are as follows:

1. To Dec. 31, 1941, the corporation disbursed a total of $259,967,598.37 to depositors of closed insured banks in settlement of their claims. Of this amount the corporation expects to recover $213,369,169.62, or about 82%.
2. During 1941 there were 15 insured banks that closed or received aid from the corporation, bringing to 370 the number of insured banks liquidated or merged with FDIC aid from the beginning of deposit insurance. Only 1,920 of the 1,205,000 depositors of those banks held accounts in excess of $5,000.
3. There was a net reduction of 13 in the number of operating insured banks during 1941, 86 banks being eliminated during the year while 73 banks were admitted to insurance.

The FDIC's Board of Directors report relating to the activities of the corporation for the six months ended Dec. 31, 1941, with additional information pertaining to operations during the 12 months ended on that date and during the entire period of operation of the corporation is as follows:

Operations

The income of the corporation amounted to $32,008,729 for the six months ended Dec. 31, 1941, including assessments of $26,442,951 paid by insured banks and interest earned, after deducting provision for amortization of premiums, of $5,565,778. Expenses and losses during the period amounted to $2,748,905, of which $929,725 represented deposit insurance losses and expenses, and $1,819,180 represented administrative expenses and other charges.

Income for the year ended Dec. 31, 1941, amounted to $62,043,574, including assessments paid by insured banks of $51,396,520 and interest earned, less provision for amortization of premiums, of $10,647,054. Total expenses and losses for the year amounted to $5,840,478, represented by deposit insurance losses and expenses of $2,145,262, and administrative expenses and other charges of $3,695,217.

The surplus of the corporation, resulting from an excess of income over expenses and losses during the entire period of operations, was $264,199,903 as of Dec. 31, 1941. From the beginning of deposit insurance on Jan. 1, 1934, total income has amounted to $336,538,130, including assessments of $262,489,833 paid by insured banks and $74,048,298 derived from interest earned and profits from sales of securities after making provision for amortization of premiums. Charges to surplus have amounted to $72,338,227. Net deposit insurance losses and expenses amounted to $46,598,429, resulting from the difference between total disbursements of $259,967,598 actually made or pending to depositors of closed insured banks in settlement of their claims and to merging banks or to receivers of closed banks for loans or purchases of assets, including expenses incident thereto, and estimated recoveries of $213,369,170. Administrative expenses and other charges have amounted to $25,739,798.

Closed Insured Banks

During the six months ended Dec. 31, 1941, seven insured banks suspended or received aid from the corporation. The 37,790 depositors in these banks, having total deposits of $19,125,000 were protected to the extent of $18,057,000, or about 94.4% of their claims, by insurance or otherwise. Of the 37,790 depositors in these banks, 37,588 were full protected.

During the year ended Dec. 31, 1941, 15 insured banks, having 71,769 depositors, all but 240 of whom were fully protected, closed or received aid from the corporation. Total deposits in these 15 banks amounted to $29,780,000, of which $28,584,000, or 96%, were protected against loss.

During the eight years of deposit insurance ended Dec. 31, 1941, 373 insured banks were closed, of which three were subsequently reopened or taken over by other insured banks, and 370, having 1,205,154 depositors with total deposits of $468,417,000, were liquidated or merged with the aid of loans from the corporation. Deposits amounting to $467,640,000, or 97.7% of the total deposits in the 370 banks, were made available promptly without loss to the depositors. Only 1,920 of the 1,205,154 depositors, or less than ¼ of 1%, held accounts in excess of $5,000 and were not fully protected by insurance, offset, preferment, pledge of security, or terms of the merger agreements.

Membership

On Dec. 31, 1941, there were 13,482 operating banks insured by Federal Deposit Insurance Corporation, 13 fewer than were insured on Dec. 31, 1940. There were 86 banks eliminated during the year: eight by suspension; seven by merger with financial aid from the corporation; 70 by voluntary merger, consolidation, or liquidation; and the insurance of one bank was discontinued after its deposits had been taken over by another insured bank. There were 73 banks admitted to insurance, of which 33 banks were in operation at the beginning of the year and 40 first opened for business in 1941.

Sixty-six new branch offices of banks were authorized during the year. In the case of established towns and cities that need banking facilities, the corporation believes the need should be met wherever possible by a new unit bank, rather than by a branch office.

The report also included the following statement of assets and liabilities of the corporation as of Dec. 31, 1941:

ASSETS			
Cash on hand, in transit and on deposit		$19,964,141.20	
United States Government securities (cost less reserve for amortization of premiums) and accrued interest receivable		453,892,071.94	$473,856,213.14
Assets acquired through bank suspensions and mergers (less collections):			
Subrogated claims of depositors against closed insured banks		$33,207,002.95	
Net balances of depositors in closed insured banks, pending settlement or not claimed, to be subrogated when paid—contra		1,130,784.07	
Loans to merging insured banks, to avert deposit insurance losses, and recoverable liquidation expenses		48,829,768.23	
Assets purchased from merging insured banks, to avert deposit insurance losses under agreements to return any excess recovery to selling banks		41,105,409.16	
Assets purchased from merging insured banks and receivers of closed insured banks to avert deposit insurance losses		1,079,390.77	
		$125,352,355.18	
Less: Reserve for losses		43,611,442.17	81,740,913.01
Furniture, fixtures and equipment			1.00
Deferred charges and miscellaneous receivables			65,080.26
Total assets			$555,662,213.41
LIABILITIES			
Current liabilities:			
Accounts and assessment rebates payable		$172,955.96	
Earned money deposits and collections in suspense, arising from subrogated claims of depositors, loans to merging insured banks, and assets purchased		727,677.90	
Net balances of depositors in closed insured banks, pending settlement or not claimed—contra		1,130,784.07	$2,031,417.93
Deferred credits			13,510.84
Reserve for deposit insurance expenses			117,824.78
Total liabilities			$2,162,753.55
CAPITAL			
Capital stock			$289,299,556.99
Surplus:			
Balance June 30, 1941		$234,072,503.76	
Add adjustments applicable to periods prior to July 1, 1942		867,574.77	
Balance as adjusted June 30,1941		$234,940,078.53	
Surplus for the six months ending Dec. 31, 1941:			
Additions:			
Deposit insurance assessments	$26,442,951.13		
Interest earned on securities (less provision for amortization of premiums)	5,555,363.62		
Other interest received	10,414.26		
	$32,008,729.01		
Deductions:			
Deposit insurance losses and expenses	$929,724.44		
Administrative expenses	1,800,380.42		
Furniture, fixtures and equipment purchased and charged off	18,799.81		
	$2,748,904.67	29,259,824.34	264,199,902.87
Total capital			$553,499,459.86
Total liabilities and capital			$555,662,213.41

FSLIC Assets Up In 1941

At the end of 1941, assets of the Federal Savings & Loan Insurance Corporation, which insures savings in more than 2,300 home-financing institutions, totaled $132,735,491, as compared with $128,014,722 at the previous year-end, Oscar R. Kreutz, General Manager of the corporation, announced. According to the announcement reserves and surplus of the Insurance Corporation increased by $4,527,229 to a total of $30,976,424, while net income for the year amounted to $6,605,790, as compared to $5,993,211 in 1940. It is likewise announced:

> As in past years, the Insurance Corporation has been able to meet its operating expenses from interest income on its invested reserves, without using premium receipts or income received from original capital. Operating expenses for 1941 amounted to only 4.4% of the corporation's gross income or 59% of the interest earned on its invested reserves.
>
> The Insurance Corporation protects investors in insured savings and loan associations against loss of their savings up to $5,000 each.

Cuba Will Diversify

Despite the recently improved demand for Cuban sugar as a result of the war, diversification in its agriculture remains the central point in the nation's agricultural policy, according to an analyses of Cuban agriculture by Dr. P. G. Minneman of the U. S. Department of Agriculture. The survey which appears in the February issue of "Foreign Agriculture," monthly publication of the Office of Foreign Agricultural Relations, points out that the distressed conditions in the sugar industry during the past 10 or 15 years caused Cuba to encourage increased production of other products, both for domestic use and export. Cuba has long been the world's most important exporter of sugar. In addition, the export of cigar tobacco has long constituted an important item in the nation's economy. Dr. Minneman is quoted as saying:

> "The policy of diversification has been implemented by Government aid and regulation measures, such as higher tariffs, loans for equipment to growers and processors, and fixed prices. As a result of these measures Cuba is now on a net-export basis, not only for sugar and tobacco but also for fruits, vegetables, henequen, coffee, beef, hides and skins, and dairy products and it is self-sufficient in the production of eggs and cacao.
>
> "The principal agricultural flour, lard, cured pork, beans, vegetable oils, cotton, onions and garlic," says Mr. Minneman. He points out, however, that "should Cuba attain a permanently higher level of employment and prosperity the domestic consumption of many agricultural products would increase and necessitate increased production or increased imports."

Negotiating Loan

From Tegucigalpa, Honduras, under date of Feb. 15, the New York "Times" reported the following cablegram:

> President Tiburcio Carias Andino has been authorized by Congress to negotiate a loan from the United States. Evidently he has abandoned his stand against debts because of the need to improve economic conditions and to increase defense measures.
>
> Presumably this loan will be in addition to the money that is expected to be allowed to Honduras for completion of the Inter-American Highway.

Highest January Steel Output On Record

Steel production during January established a new record for that month of 7,129,351 net tons of open hearth, Bessemer and electric furnace steel ingots and castings, the American Iron and Steel Institute announced February 12.

Last month's total was nearly 3% more than the previous record for January, 6,928,085 tons, established last year, but was slightly below the December, 1941, total of 7,163,999 tons.

The January total was the fourth largest for any month in the steel industry's history. The record for a single month, 7,242,683 tons, was made last October.

The steel industry operated at an average of 94.7% of capacity during January. This figure is based on the revised annual producing capacity of 88,570,000 tons, as of Jan. 1, 1942, which represented an increase of 4,418,000 net tons over annual capacity of 84,152,000 tons as of Jan. 1, 1941, and an increase of 2,421,000 tons over the figure for July 1, 1941.

Last month's operating rate compares with a rate of 96.9% for January, 1941, computed on the smaller capacity at the beginning of that year, and with a rate of 98.1% for December, 1941, computed on the capacity as of July 1, 1941.

Steel output averaged 1,609,334 tons per week in January, compared with 1,620,814 tons per week in December, and with 1,563,902 tons per week in January, 1941.

PRODUCTION OF OPEN HEARTH, BESSEMER AND ELECTRIC STEEL INGOTS AND STEEL FOR CASTINGS

Period	Estimated Production —All Companies— Total		Calculated weekly production, all companies (net tons)	Number of weeks in month
	Net tons	Percent of capacity		
1942 †				
January	7,129,351	94.7	1,609,334	4.43
1941 †				
January	6,928,085	96.9	1,563,902	4.43
February	6,237,900	96.6	1,559,475	4.00
March	7,131,641	99.7	1,609,851	4.43
1st Quarter	20,297,626	97.8	1,578,353	12.86
April	6,756,949	97.6	1,575,046	4.29
May	7,053,238	98.7	1,592,153	4.43
June	6,800,730	98.2	1,585,252	4.29
2nd Quarter	20,610,917	98.2	1,584,237	13.01
1st 6 months	40,908,543	98.0	1,581,312	25.87
July	6,821,682	93.4	1,543,367	4.42
August	7,000,957	95.7	1,580,351	4.43
September	6,819,706	96.4	1,593,389	4.28
3rd Quarter	20,642,345	95.2	1,572,151	13.13
9 months	61,550,888	97.0	1,578,228	39.00
October	7,242,683	99.0	1,634,917	4.43
November	6,969,987	98.3	1,624,706	4.29
December	7,163,999	98.1	1,620,814	4.42
4th quarter	21,376,669	98.5	1,626,839	13.14
Total	82,927,557	97.4	1,590,479	52.14

†Based on Reports by Companies which in 1940 made 98.43% of the Open Hearth, 100% of the Bessemer and 85.82% of the Electric Ingot and Steel for Castings Production.

Note—The percentages of capacity operated are calculated on weekly capacities of 1,498,029 net tons open hearth, 128,911 net tons Bessemer and 71,682 net tons electric ingots and steel for castings, total 1,698,622 net tons; based on annual capacities as of Jan. 1, 1942 as follows: Open hearth 78,107,260 net tons, Bessemer 6,721,400 net tons, electric 3,737,510 net tons.

The percentages of capacity operated in the first 6 months are calculated on weekly capacities of 1,430,102 net tons open hearth, 134,187 net tons Bessemer and 49,603 net tons electric ingots and steel for castings, total 1,613,892 net tons; based on annual capacities as of Jan. 1, 1941, as follows: Open hearth 74,565,510 net tons, Bessemer 6,996,520 net tons, electric 2,586,320 net tons. Beginning July 1, 1941, the percentages of capacity operated are calculated on weekly capacities of 1,459,132 net tons open hearth, 130,292 net tons Bessemer and 62,761 net tons electric ingots and steel for castings, total 1,652,185 net tons; based on annual capacities as follows: Open hearth, 76,079,130 net tons, Bessemer 6,793,400 net tons, Electric 3,272,370 net tons.

January Steel Shipments Reach New High

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of January, 1942, totaled 1,738,893 net tons.

The January shipments compare with 1,846,036 net tons in the preceding month (December), a decrease of 107,143 net tons, and with 1,682,454 net tons in the corresponding month in 1941 (January), an increase of 56,439 net tons.

In the table below we list the figures by months for various periods since January, 1929:

	1942	1941	1940	1939	1938	1929
January	1,738,893	1,682,454	1,145,592	870,866	570,264	1,364,801
February	------	1,548,451	1,009,256	747,427	522,395	1,388,407
March	------	1,720,366	931,905	845,108	627,047	1,605,510
April	------	1,687,674	907,904	771,752	550,551	1,617,302
May	------	1,745,295	1,084,057	795,689	509,811	1,701,874
June	------	1,668,637	1,209,684	607,562	524,994	1,529,241
July	------	1,666,667	1,296,887	745,364	484,611	1,480,008
August	------	1,753,665	1,455,604	885,636	615,521	1,500,281
September	------	1,664,227	1,392,838	1,086,683	635,645	1,262,874
October	------	1,851,279	1,572,408	1,345,855	730,312	1,333,385
November	------	1,624,186	1,425,352	1,406,205	749,328	1,110,050
December	------	1,846,036	1,544,623	1,443,969	765,868	931,744
Total by mos.	------	20,458,937	14,976,110	11,752,116	7,286,347	16,825,477
Yearly adjust.	------	------	37,639	*44,865	29,159	*12,827
Total	------	------	15,013,749	11,707,251	7,315,506	16,812,650

*Decrease.

Note—The monthly shipments as currently reported during the year 1941, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Living Costs In Large Cities Advanced 0.3% In December; Smallest Increase In Months

"The advance of 0.3% in living costs in large cities in December was the smallest rise in any month since last March," Secretary of Labor Perkins reported on Jan. 21. "Large seasonal declines in prices of a few important foods reduced the total family food bill sufficiently to offset advances in other food prices," she said. "Housefurnishings and clothing rose sharply between Nov. 15 and Dec. 15, however, and increases in rent, fuel and miscellaneous goods and services also contributed to the advance." "In the last quarter of 1941, as a whole," says Miss Perkins, "the cost of living rose 2.2% to 110.5% of the average in 1935-39. As in the previous quarter, the larger increases occurred in cities particularly affected by defense activities. The average rise in the Southern cities was greater than in other areas. For every dollar spent by moderate-income families in August, 1939, the month before war broke out in Europe, it was necessary to spend $1.12 in December, 1941, to secure the same level of living as before the war." The following details are supplied by the Labor Department:

Food

Retail prices of most foods rose between mid-November and mid-December of 1941, continuing the advance which had been under way for more than a year, but the increase was moderate in comparison with earlier months. There were large seasonal declines in prices for pork, eggs and oranges, and lower prices for butter, so that the food-cost index remained unchanged during that month. On Dec. 15, the food market baskets of wage earners and clerical workers cost 16% more than a year ago and 21% more than in August, 1939, the month preceding the outbreak of war in Europe.

Retail prices of oranges declined 22% between mid-November and mid-December. Both California navel and Florida oranges were late in arriving on the market this year, creating a scarcity in mid-November. By mid-December, supplies were available in much greater volume with a consequent price decline. Supplies of pork and eggs were also marketed in increasingly large quantities. Butter prices reflected an unusually large supply. The Department of Agriculture reports that the supply of butter on hand as of Jan. 1 is the largest food dealers have ever reported on that date.

Sugar prices, generally very sensitive to war conditions, advanced moderately. After the attack on Pearl Harbor, a number of grocers voluntarily limited purchases to two, five or ten pounds per customer; this has been more common since the order of Dec. 13 which froze sugar stocks in the United States and limited supplies available to retailers to their 1940 monthly levels.

In the last quarter of the year, the average food bill of wage earners and clerical workers rose 2.2%. By the middle of January, preliminary reports indicated further increases for meats and such staples as navy beans, sugar and lard. Egg prices continued their seasonal decline.

Clothing

With the further advance of 1% in clothing costs between November and December, the family clothing bill in large cities showed an average rise of 3.6% for the quarter ending Dec. 15, 1941. In 11 of the 34 large cities surveyed quarterly by the Bureau of Labor Statistics, the increase in the last 3 months exceeded 5%. Retail prices for men's work clothing and women's percale dresses continued to show greater increases than most articles of clothing. Shoes for men, women and children also were reported higher in most cities. Because of the unusually mild weather in the late fall and early winter, the volume of sales of women's coats was less than anticipated. Many stores reduced prices of women's fur-trimmed coats below September levels in order to cut their stock before the year-end inventories.

PERCENTAGE CHANGES IN AVERAGE PRICES PAID FOR SPECIFIED ARTICLES OF CLOTHING BY WAGE EARNERS AND LOWER-SALARIED WORKERS

(34 Large Cities in the United States

Articles of Clothing	Percentage Changes		
	Sept. 15, 1941 to Dec. 15, 1941	Dec. 15, 1940 to Dec. 15, 1941	Sept. 15, 1939 to Dec. 15, 1941
Men's:			
Topcoats	+ 0.5	+ 7.7	+10.1
Suits, wool	+ 1.0	+13.1	+15.3
Work trousers, cotton	+ 5.6	+19.8	+22.6
Overalls, cotton	+ 5.6	+26.2	+31.5
Work shirts, cotton	+ 8.9	+28.8	+34.1
Business shirts	+ 4.3	+11.6	+12.7
Street shoes	+ 2.5	+11.9	+16.6
Work shoes	+ 4.3	+15.5	+19.6
Women's:			
Dress coats, fur trim	— 0.9	+12.4	+12.0
Sport coats	— 3.0	+ 7.5	+ 7.0
Wool dresses	+ 0.5	+11.7	+12.4
Rayon panties	+ 8.3	+14.1	+14.6
Percale dresses	+15.3	+37.6	+45.6
Silk hose	+ 5.4	+19.2	+18.6
Women's shces	+ 2.8	+ 7.0	+ 7.3

Housefurnishings

Prices of housefurnishings went up by 1% in December and between Sept. 15 and Dec. 15, 1941, the total cost of housefurnishthan at the end of 1939. In furniture the large price rise has been due primarily to shortages of certain materials and to greatly increased demand resulting from higher consumer incomes. Diversion of materials to national defense efforts and Federal excise taxes have been reflected in the retail prices of electrical equipment the average, 4.3%. Housefurnishings now cost about 20% more ings customarily purchased by lower-income families increased, on which have also risen sharply. Curtailment of imports of wool since war broke out in Europe has caused rugs and carpets made of wool to advance approximately 25%. Prices of sheets have risen consistently since the first of 1940 and were reported 25 to 40% higher on Dec. 15, 1941, in most cities.

PERCENTAGE CHANGES IN AVERAGE PRICES PAID FOR SPECIFIED HOUSEFURNISHINGS BY WAGE EARNERS AND LOWER-SALARIED WORKERS IN LARGE CITIES OF THE UNITED STATES

Articles of Housefurnishings:	Percentage Changes		
	Sept. 15, 1941 to Dec. 15, 1941	Dec. 15, 1940 to Dec. 15, 1941	Sept. 15, 1939 to Dec. 15, 1941
Living room suites, medium	+ 2.8	+22.0	+27.2
Living room suites, inexpensive	+ 2.9	+30.9	+36.7
Bedroom suites, medium	+ 3.5	+20.1	+21.9
Bedroom suites, inexpensive	+ 3.0	+23.0	+26.7
Electric refrigerators	+ 2.2	+10.3	— 7.2
Washing machines	+ 3.5	+17.5	+17.9
Rugs, Axminster	+ 0.6	+ 7.8	+19.3
Linoleum	*	+ 0.3	— 0.6
Mattresses	+ 7.3	+18.7	+20.4
Carpets, wool	+ 7.2	+30.7	+35.4
Sheet, 64x64	+ 5.1	+19.3	+23.5
Sheets, 68x72	+ 0.4	+ 7.5	+21.5

*No change.

Rent

Changes in rents from November to December differed widely from city to city, averaging 0.4% higher for 21 of the large cities. Over the last quarter the increase in the total rent bill averaged 1.3% in 34 large cities. The greatest increases occurred in Southern cities with large defense contracts. From mid-September to mid-December the largest advances occurred in Mobile where employment in the shipyards of the area rose by more than 40% and the average rental bill rose by 14%. Increases in rents in Norfolk, Savannah, and Birmingham all exceeded 5%. In all 4 of these cities rents were raised for more than two-fifths of the homes rented by white families with moderate incomes.

Fuel, Electricity And Ice

With little change in fuel prices in late November and early December, the increase in the cost of fuel, electricity and ice was relatively small in the quarter ending Dec. 15, 1941. Generally, coal and wood prices were a little higher in December than in September. Higher wood prices were largely responsible for the increase in fuel costs in Portland, Oregon (plus 5%), Atlanta and Mobile, where wood is extensively used for fuel. In Cincinnati, as usual at this time of year, the cost of gas to moderate-income domestic users was reduced, while in New York, the decline of 0.8% in the cost of fuel, electricity and ice reflected the reduction of the city"s sales tax from 2 to 1%.

Miscellaneous

Between mid-September and mid-December, 1941, automobile prices increased, on the average, from 10 to 15%.

The new defense taxes contributed to the increase in the cost of the goods and services included in the miscellaneous group. Taxes on automobiles, tires and tubes and movies were increased as of Oct. 1, and new excise taxes were placed upon toilet preparations, telephone charges and railroad fares.

In most cities the cost of services such as barber-service, beauty shop service and domestic service rose considerably towards the end of 1941. Frequently, employment agencies reported that it was no longer possible to secure domestic help at wages customarily paid by moderate-income families.

TABLE 1

PERCENTAGE CHANGE FROM SEPT. 15, 1941, TO DEC. 15, 1941, IN THE COST OF GOODS PURCHASED BY WAGE EARNERS AND LOWER-SALARIED WORKERS IN 34 LARGE CITIES OF THE UNITED STATES BY GROUPS OF ITEMS

Area and City	All items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
Average: Large Cities	+2.2	*+2.2	+3.6	+1.3	+0.4	+4.3	+2.6
New England:							
Boston	+1.7	+1.6	+2.3	+2.1	+0.3	+2.8	+1.3
Manchester	+1.7	+0.4	+3.9	+1.9	+1.4	+3.8	+2.2
Portland, Maine	+2.4	+1.4	+3.7	+1.8	+1.1	+6.2	+3.2
Middle Atlantic:							
Buffalo	+2.2	+1.1	+3.8	+1.4	+0.8	+5.0	+3.1
New York	+1.8	+2.5	+1.5	+0.1	—0.8	+4.0	+2.4
Philadelphia	+2.0	+2.1	+3.2	+0.3	+0.2	+2.8	+2.6
Pittsburgh	+1.9	+1.6	+5.8	+0.1	—0.4	+3.4	+2.6
Scranton	+1.5	+1.4	+4.9	—0.1	†	+4.8	+1.0
East North Central:							
Chicago	+1.0	—0.7	+3.4	+1.3	+0.7	+4.4	+2.2
Cincinnati	+2.0	+2.5	+2.5	+1.0	—1.3	+4.3	+2.3
Cleveland	+2.2	+0.8	+3.9	+3.1	†	+4.1	+2.8
Detroit	+2.8	+2.3	+5.3	+2.5	+1.4	+4.6	+2.7
Indianapolis	+3.3	+3.5	+4.3	+2.0	+0.1	+4.6	+3.8
Milwaukee	+2.4	+1.2	+4.1	+1.6	+1.3	+6.6	+3.6
West North Central:							
Kansas City	+3.1	+2.2	+3.7	+2.8	+0.1	+5.0	+4.2
Minneapolis	+1.6	—0.1	+3.4	+0.4	+0.2	+3.9	+3.4
St. Louis	+2.6	+2.6	+5.6	+1.8	+0.4	+5.9	+1.9
South Atlantic:							
Atlanta	+2.8	+1.0	+4.8	+1.0	+2.5	+5.4	+4.3
Baltimore	+2.6	+2.7	+4.9	+1.3	+0.1	+6.4	+2.4
Jacksonville	+3.3	+2.4	+6.5	+2.6	+0.8	+7.5	+3.4
Norfolk	+3.8	+4.0	+1.9	+6.1	+2.0	+5.5	+3.1
Richmond	+2.5	+2.5	+5.2	+0.1	+1.1	+4.4	+2.6
Savannah	+3.1	+1.5	+4.8	+5.2	+1.2	+5.7	+3.4
Washington, D. C.	+2.8	+2.6	+5.9	+0.4	+0.5	+5.6	+3.3
East South Central:							
Birmingham	+3.6	+2.8	+5.4	+5.7	+2.1	+5.1	+2.7
Memphis	+2.6	+2.3	+6.0	+1.8	+0.1	+5.9	+1.7
Mobile	+5.1	+4.1	+5.5	+14.1	+2.4	+3.9	+2.7
West South Central:							
Houston	+3.2	+4.2	+5.3	+0.5	+0.4	+3.9	+3.3
New Orleans	+2.3	+2.1	+4.1	+0.8	+1.2	+4.9	+2.7
Mountain:							
Denver	+3.2	+4.3	+4.4	+1.2	+0.8	+5.5	+2.9
Pacific:							
Los Angeles	+3.9	+6.0	+4.5	+1.8	†	+4.3	+3.0
Portland, Oregon	+2.4	+1.2	+2.6	+1.9	+4.8	+5.7	+3.0
San Francisco	+3.2	+4.0	+5.0	+0.8	+1.2	+4.0	+3.2
Seattle	+2.9	+3.1	+3.5	+3.3	+1.8	+5.1	+2.0

*Based on 51 cities. †No change.

TABLE 2

PERCENTAGE CHANGE FROM NOV. 15, 1941, TO DEC. 15, 1941, IN THE COST OF GOODS PURCHASED BY WAGE EARNERS AND LOWER-SALARIES WORKERS IN LARGE CITIES OF THE UNITED STATES BY GROUPS OF ITEMS

Area and City	All items	Food	Clothing	Rent	Fuel, electricity and ice	House-furnishings	Miscellaneous
Average: Large Cities	+0.3	‡*	+0.9	+0.4	†+0.1	+1.0	+0.3
New England:							
Boston	—0.4	—1.3	+0.2	+0.2	‡	+0.7	+0.1
Manchester	§	—1.9	§	§	+0.2	§	§
Portland, Maine	§	—0.4	§	§	—0.1	§	§
Middle Atlantic:							
Buffalo	+0.4	+0.2	+0.4	+0.4	‡	+0.8	+0.4
New York	‡	—0.5	+0.5	+0.1	‡	+1.1	+0.4
Philadelphia	+0.5	+1.0	+0.3	‡	‡	+0.4	+0.2
Pittsburgh	+0.5	+0.7	+1.2	+0.1	—0.1	+1.0	+0.5
Scranton	§	+2.1	§	§	‡	§	§
East North Central:							
Chicago	—0.4	—1.4	+1.1	+0.1	‡	+1.1	+0.2
Cincinnati	—0.3	—1.4	+0.9	+0.4	‡	+1.3	+0.2
Cleveland	+0.4	—1.2	+1.5	+2.5	‡	+1.8	+0.2
Detroit	+0.2	—0.5	+0.9	+0.6	+0.9	+0.7	+0.2
Indianapolis	§	+0.3	§	§	+0.2	§	§
Milwaukee	§	—0.7	§	§	‡	§	§
West North Central:							
Kansas City	+0.4	+0.1	+0.7	‡	+0.1	+0.5	+0.6
Minneapolis	‡	—0.9	+0.9	+0.1	‡	+1.6	+0.3
St. Louis	+0.7	+0.4	+2.4	+1.0	+0.1	+1.5	+0.2
South Atlantic:							
Atlanta	§	‡	§	§	‡	§	§
Baltimore	+1.0	+1.6	+1.8	+0.1	‡	+1.3	+0.3
Jacksonville	§	—1.7	§	§	+0.4	§	§
Norfolk	§	+0.8	§	§	‡	§	§
Richmond	§	+0.7	§	§	+1.1	§	§
Savannah	+0.4	—0.4	+1.3	+0.8	+0.6	+1.5	+0.6
Washington, D. C.	+1.0	+1.8	+2.0	‡	—0.1	+2.1	+0.7
East South Central:							
Birmingham	+0.4	—0.5	+1.4	+1.7	+0.1	+1.3	+0.2
Memphis	§	+0.7	§	§	‡	§	§
Mobile	§	+0.4	§	§	+0.4	§	§
West South Central:							
Houston	+0.2	—0.6	+1.3	+0.4	+0.2	+0.7	+0.3
New Orleans	§	+1.0	§	§	+0.1	§	§
Mountain:							
Denver	—0.3	—1.1	+0.9	‡	‡	+0.6	+0.1
Pacific:							
Los Angeles	+1.1	+2.8	+1.0	‡	‡	+0.7	+0.3
Portland, Oregon	§	—0.3	§	§	+2.1	§	§
San Francisco	+0.6	+0.9	+1.2	+0.3	+0.1	+0.7	+0.4
Seattle	+1.1	+1.4	+1.1	+2.5	+0.8	+0.6	+0.2

*Based on data for 51 cities. †Based on data for 34 cities. ‡No change. §Monthly data not available.

Retail Food Prices Advanced 2.7% Further Between Mid-December And Mid-January

Sharp advances at retail for many foods advanced the family food bill by 2.7% between mid-December and mid-January, Acting Commissioner Hinrichs of the Bureau of Labor Statistics reported on Feb. 12. Prices of almost all important foods were substantially higher in all of the cities covered by the Bureau's survey. Large increases for beef, pork, potatoes, bread, milk, and sugar followed the substantial earlier advances in wholesale markets, says the Bureau, which likewise reports:

> Egg, orange, and carrot prices declined seasonally. At the mid-January level, the Bureau of Labor Statistics' index of retail food costs stood at 116.2% of the 1935-39 average, the highest level reached since December, 1930, 18.8% higher than a year ago, and nearly 25% above pre-war levels.

The Bureau's announcement further said:

> During the last half of January, preliminary reports indicated additional advances in food prices except for eggs, oranges, and pork chops, which declined seasonally.

The average price of sugar in retail stores advance 3.6% between Dec. 16 and Jan. 13, largely because only small quantities, usually two pounds, were available in cities where purchases were limited voluntarily by retail grocers, and the charge per pound was higher.

Retail prices of milk advanced one cent per quart in six cities, continuing the widespread increases which have been taking place since last April. White bread rose 1.2% during the month, following advances of about one cent per loaf during the past six months in nearly all cities covered by this survey. Meat prices rose sharply (4.8%) throughout the country between mid-December and mid-January in spite of the fact that supplies of beef and pork were somewhat larger than a year ago. This advance in retail prices followed rapid advances in wholesale markets between Dec. 7 and early January. Retail prices of lamb and chickens advanced seasonally, and canned salmon prices rose to new high levels.

Lard prices continued their widespread advance between mid-December and mid-January. Other foodstuffs, such as canned peaches, canned tomatoes, navy beans, and cheese, which have been purchased in large quantities by the Government, also continued to advance in most cities, although evaporated milk remained steady. Butter prices rose in January, notwithstanding record high stocks, and potato prices again advanced, reflecting shorter than usual market supplies. Flour prices were up, following the rise for wheat in central markets, and the price of rice continued to go up.

Since last January, prices of fresh vegetables have shown the most rapid advance of any of the principal foodstuffs. They averaged 39% higher than a year ago, due largely to smaller supplies as a result of bad weather conditions during the growing season. Onions were selling at levels averaging 72% higher than in January, 1941, potatoes were up 61%, lettuce, 51%, and cabbage, 41%. Average costs of fats and oils rose 38% during the year, with retail prices of lard advancing 68%, and shortening packed in cartons, 61%. Prices of shortening in tins or similar containers and oleomargerine were also up more than 30%. Advances of 30 to 42% during the year were reported for canned red salmon, canned peaches, and navy beans. Large government purchases of these foods contributed to the sharp increases. Coffee prices rose 31% during the year, partly because of the higher minimum price levels for green coffee set by agreements with cooffee producing countries. Increases of 20 to 30% were reported for pork, flour, rice, cheese, evaporated milk, sugar, canned tomatoes, and canned green beans.

Changes at retail from Dec. 16, 1941 to Jan. 13, 1942 and since January, 1941 for the more important foods were as follows:

Item	January, 1942 compared with Dec., 1941 (Percentage Change)	January, 1942 compared with Jan., 1941 (Percentage Change)	Item	December, 1941, compared with Dec., 1941 (Percentage Change)	December, 1941, compared with Jan., 1941 (Percentage Change)
Potatoes	+17.5	+61.0	Pork Chops	+ 1.4	+20.3
Roasting Chickens	+ 6.5	+10.0	White Bread	+ 1.2	+11.5
Round Steak	+ 5.5	+ 9.6	Cheese	+ .9	+28.9
Rib Roast	+ 4.4	+ 5.4	Coffee	+ .7	+30.9
Sugar	+ 3.6	+24.3	Butter	+ .2	+11.6
Flour	+ 3.0	+22.5	Evaporated Milk	0	+23.9
Canned Tomatoes	+ 3.0	+22.6	Oranges	— 3.0	+ 6.6
Milk Fresh (avge.)	+ 1.4	+15.0	Eggs	— 5.2	+34.4

Retail food costs advanced in all cities covered by this survey between Dec. 16 and Jan. 13. The largest increases were reported for San Francisco (4.6%) Denver (4.0%) and Seattle (3.9%), reflecting sharp advances for meats and fresh fruits and vegetables. The smallest increases were reported for Charleston (1.1%), Salt Lake City (1.3%), and Dallas and Portland, Me.. each (1.5%), whereas increases for meats and fresh fruits and vegetables were comparatively small. Compared with a year ago, food costs on Jan. 13, 1942 were higher by 26.7% in Mobile, 26.4% in Norfolk, 24.5% in Springfield, and 24.1% in Seattle. The smallest advances in food costs during the year were 12.1% in Kansas City, 14.5% in Butte, 15.0% in St. Paul, and 15.5% in Omaha.

Index numbers of food costs by commodity groups for the current period and for Dec. 16, 1941, Nov. 18, 1941, Jan. 14, 1941, and Aug. 15, 1939, are shown below:

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

Commodity Group—	Jan. 13 *1942	Dec. 16 1941	Nov. 18 1941	Jan. 14 1941	Aug. 15 1939
All Foods	116.2	113.1	113.1	97.8	93.5
Cereals and bakery products	103.2	102.5	102.2	94.9	93.4
Meats	116.4	111.1	110.4	101.1	95.7
Beef and veal	120.4	114.4	112.4	109.4	99.6
Pork	107.2	103.2	105.4	86.0	88.0
Lamb	111.8	108.1	107.4	98.7	98.8
Chickens	107.3	100.5	99.4	97.2	94.6
Fish, fresh and canned	144.8	138.9	135.9	118.7	99.6
Dairy products	121.7	†120.5	120.9	105.1	93.1
Eggs	130.9	138.1	146.1	97.4	90.7
Fruits and vegetables	117.2	110.5	110.3	93.3	92.4
Fresh	119.1	111.0	111.2	93.4	92.8
Canned	108.6	106.3	105.2	91.4	91.6
Dried	121.9	118.3	116.2	99.6	90.3
Beverages	115.6	114.1	112.9	90.9	94.9
Fats and oils	110.6	108.5	106.7	80.3	84.5
Sugar	118.5	114.4	112.9	95.3	95.6

*Preliminary. †Revised.

Canada Bank Earnings Up

The Bank of Canada had net profits of $5,813,386 from operations in 1941, after providing for contingencies and reserves, it was disclosed on Feb. 14 in the bank's annual report, issued by G. F. Towers, Governor of the institution. Payment of a dividend of $225,000 on capital stock held by the Minister of Finance, Mr. Towers said, left $5,588,386, as compared with $3,819,460 in 1940. He added that the increase was mainly attributable to the higher average level of the bank's security holdings. Of the profits available for distribution, one-third, or $1,862,795, was added to the bank's rest fund, and the remaining two-thirds, or $3,725,591, was paid to the Dominion Government. The addition to the rest fund, it was explained, brings the fund to $5,585,705, which is now in excess of the paid-up capital, $5,000,000. In view of these circumstances, Governor Towers' report said, the distribution of profits in 1942 will be governed by the terms of section 31 (b) of the Bank of Canada Act, which provides that one-tenth of the surplus available from operations of the bank shall be allocated to the rest fund, and the residue shall be paid to the receiver general and placed to the credit of the consolidated revenue fund.

With regard to the bank's note circulation, the report stated:

> The Bank of Canada note issue as of Dec. 31, last, was $495,956,232, up $136,007,111 from the preceding year. Of the total amount of our notes outstanding, $116,300,000 were in the tills of the chartered banks, and $397,700,000 in the hands of the public. Including chartered bank notes in public hands, total active note circulation on Dec. 31, 1941, was $450,300,000. The increase on the year was approximately $109,000,000, somewhat larger than the $95,000,000 rise in active circulation during 1940.

The major changes which took place in the bank's various asset and liability accounts during the course of the year are indicated in the following table, presented in the report, showing the effect of these changes on the cash reserves of the chartered banks.

Calendar Year 1941	Changes Producing a Decrease in Chartered Banks' Cash $	Changes Producing an Increase in Chartered Banks' Cash $
Increase in Sterling and U. S. dollars		162,400,000
Increase in Dominion and Provincial Government securities		32,700,000
Increase in other assets		21,100,000
Increase in rest fund	1,900,000	
Increase in active note circulation	118,000,000	
Increase in Dominion Government deposits	64,100,000	
Decrease in other deposits		3,500,000
Increase in all other liabilities	3,500,000	
	187,500,000	219,700,000
Deduct		187,500,000
Increase in chartered banks' cash reserves		32,200,000

S. F. Papers Raise Price

Under date of Feb. 16 United Press advices from San Francisco said:

> San Francisco's two morning newspapers, The Chronicle and The Examiner, have announced that the street sale price of their Sunday morning editions would be increased from 10 to 12 cents, effective Feb. 22. Monthly subscription rates will not be affected. The Chronicle attributed the price increase to higher cost of materials and labor.

Motor Truck Freight Volume In January Drops 1.8% Under December

The volume of freight transported by motor truck in January represented a decrease of 1.8% under December, but an increase of 11.5% as compared with January, 1941, according to reports compiled and released on Feb. 22 by the American Trucking Associations.

Comparable reports were received by ATA from 195 motor carriers in 41 States. The reporting carriers transported an aggregate of 1,136,947 tons in January, as against 1,157,761 tons in December and 1,019,354 tons in January, 1941.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 152.56. The index figure for December was 153.41.

A little more than 78% of all tonnage transported in the month was reported by carriers of general freight. The volume in this category decreased 1.6% under December, but held 13.8% over January of last year.

Transporters of petroleum products, accounting for 11% of the total tonnage reported, showed an increase of 7.8% over December, and an increase of 73.2% over January, 1941.

Movement of new automobiles and trucks, curtailed sharply by the war, constituted only 2% of the total tonnage reported. Tonnage in this class dropped 11.5% under December and 47.3% under January of last year.

Haulers of iron and steel products reported approximately 4% of the total tonnage. The volume of these commodities decreased 15.5% under December and 37.5% under January, 1941.

Almost 5% of the total tonnage reported was miscellaneous commodities, including tobacco, milk, textile products, bricks, building materials, cement and household goods. Tonnage in this class decreased 6.8% under December, but held 5.6% above January of last year.

Strict Loan Program Urged For Savs.-Loan Assns.

Vigorous lending programs realistically adjusted to today's conditions were urged upon the 3,600 member savings, building and loan associations of the United States Savings and Loan League by the executive council meeting in Chicago recently to draft a statement of suggested policies for 1942. Fermor S. Cannon, Indianapolis, presided at the meeting of some 50 savings and loan representatives from two-thirds of the States. The announcement from the Association, dated Chicago, Feb. 14, says:

> Among the recommendations were the adjustment of standards so as to permit reasonable substitution of materials and innovations of method in home building, financing of more rental housing using Title VI of the National Housing Act to cover additional risk, and the continued financing of the building of additional small homes wherever materials are available and demand exists.

"In many areas creation of additional housing units is essential to military victory," the council pointed out. "Adequate housing bears a direct relation to the volume of war production." Suggesting the doubling of the amount of current earnings allocated to reserves over the formula presented for 1941, the savings and loan men said that this would pave the way for associations to assume higher risks than they would normally welcome. The assumption of such risks, it was pointed out, was part of their role in the Victory drive.

Bankers Dollar Acceptances Outstanding On January 31 Total $197,278,000

The volume of bankers dollar acceptances outstanding increased $3,058,000 during January to $197,278,000 on Jan. 31, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York, issued Feb. 11. This compares with a total of $194,220,000 outstanding on Dec. 31, 1941, and with $212,777,000 on Jan. 31, 1941.

The increase in the month-to-month analysis is attributed to gains in credits drawn for exports and domestic warehouse credits, while in the year-to-year comparison credits for imports, exports and domestic warehouse credits were above last Jan. 31.

The Reserve Bank's report for Jan. 31 follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES
BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Jan. 31, 1942	Dec. 31, 1941	Jan. 31, 1941
1 Boston	$30,392,000	$25,004,000	$25,771,000
2 New York	117,552,000	122,496,000	145,211,000
3 Philadelphia	9,917,000	9,924,000	11,837,000
4 Cleveland	4,305,000	3,317,000	2,881,000
5 Richmond	1,486,000	1,362,000	1,421,000
6 Atlanta	3,247,000	2,379,000	2,131,000
7 Chicago	5,786,000	4,767,000	4,639,000
8 St. Louis	794,000	665,000	365,000
9 Minneapolis	114,000	115,000	910,000
10 Kansas City	-------	-------	-------
11 Dallas	2,833,000	2,755,000	112,000
12 San Francisco	20,852,000	21,436,000	17,499,000
Grand Total	$197,278,000	$194,220,000	$212,777,000

Increase for month $3,058,000. Decrease for year $15,499,000.

ACCORDING TO NATURE OF CREDIT

	Jan. 31, 1942	Dec. 31, 1941	Jan. 31, 1941
Imports	$115,889,000	$116,496,000	$115,262,000
Exports	16,662,000	14,639,000	16,392,000
Domestic shipments	11,676,000	11,708,000	10,000,000
Domestic warehouse credits	39,028,000	35,967,000	34,233,000
Dollar exchange	2,810,000	4,006,000	10,683,000
Based on goods stored in or shipped between foreign countries	11,213,000	11,404,000	26,207,000

BILLS HELD BY ACCEPTING BANKS

Own bills $102,711,000 Bills of others $51,694,000 Total $154,405,000

Increase for month, $8,686,000

CURRENT MARKET RATES ON PRIME BANKERS' ACCEPTANCES, FEB. 11, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	1/2	7/16
60	1/2	7/16
90	1/2	7/16
120	9/16	1/2
150	5/8	9/16
180	5/8	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Feb. 28, 1939:

1939—		1940—		1941—	
Feb. 28	$248,095,184	Feb. 29	$233,015,000	Feb. 28	$211,865,000
Mar. 31	245,016,075	Mar. 30	229,705,000	Mar. 31	217,312,000
Apr. 29	237,831,575	Apr. 30	223,305,000	Apr. 30	219,561,000
May 31	246,574,727	May 31	213,685,000	May 31	215,005,000
June 30	244,530,440	June 29	206,149,000	June 30	212,932,000
July 31	236,010,050	July 31	188,350,000	July 31	209,899,000
Aug. 31	235,034,177	Aug. 31	181,813,000	Aug. 30	197,472,000
Sept. 30	215,881,724	Sept. 30	176,614,000	Sept. 30	176,801,000
Oct. 31	221,115,945	Oct 31	186,789,000	Oct. 31	184,806,000
Nov. 30	222,599,000	Nov. 30	196,683,000	Nov. 29	193,590,000
Dec. 30	232,644,000	Dec. 31	208,659,000	Dec. 31	194,220,000
1940—		1941—		1942—	
Jan. 31	229,230,000	Jan. 31	212,777,000	Jan. 31	197,278,000

Consumer Buying Rush Raises January "5 & 10" Sales To Abnormal Level

The normally stable "5 & 10" business experienced during January what is probably its largest month-to-month gain in history, if allowance is made for the usual seasonal trends. As measured by the Syndicate Store Merchandiser's seasonally adjusted sales index, issued on Feb. 12, average daily volume per store rose to 143.9% of the 1935-39 average from 126.9% in December. With consumers again stampeding the stores in anticipation of probable or fancied future shortages, the index was carried a full 10% higher than its previous peak reached last summer, during the first wave of advance buying by individuals. This former peak of 130.9% was reached in the month of August. In January, 1941, the index stood at 113.8%.

Actual sales of 12 leading 5c & 10c to $1 variety syndicates for the month totaled $78,821,764. This represents a gain of 29.9% over the initial month of 1941.

JANUARY, 1942
5c & 10c TO $1.00 SYNDICATE STORE SALES

	—January—		Pct.
	1942	1941	Chg.
F. W. Woolworth	$28,344,905	$22,007,207	+28.8
S. S. Kresge	12,655,233	10,009,397	+26.4
W. T. Grant	8,982,711	6,654,929	+34.9
S. H. Kress	7,273,747	5,920,528	+22.9
G. C. Murphy	4,803,747	3,479,057	+38.1
J. J. Newberry	4,492,306	3,486,170	+28.8
H. L. Green	3,859,235	2,890,355	+33.5
McCrory Stores	3,818,879	2,926,163	+30.5
McLellan Stores	1,919,471	1,460,834	+31.4
Neisner Bros.	1,820,884	1,223,330	+48.8
Rose's Stores	526,420	381,769	+37.9
M. H. Fishman	324,226	245,925	+31.8
Total, 12 syndicates	$78,821,764	$60,685,664	+29.9

Non-Agricultural Employment At All-Time High In December, Labor Department Reports

Total civil non-agricultural employment rose to a new all-time peak of 40,940,000 in December, Secretary of Labor Frances Perkins reports. "This," she said, "represented a gain of 2,800,000 non-agricultural workers over the preceding year and 5,000,000 since December, 1929, and agrees with figures accurately estimated by the U. S. Department of Labor as far back as Oct. 6, 1940." She added that t"this increase, furthermore, does not include the growth of the armed forces. The gain in non-agricultural employment from mid-November to mid-December resulted largely from the seasonal rise in trade." Secretary Perkins further stated:

The gain of 357,000 in trade employment over the month represented about the usual seasonal change from the high November level and reflected the hiring of temporary personnel to handle the holiday trade. Government employment rose by 73,000, in large part, due to temporary expansion of post office personnel.

Manufacturing employment in December showed a decline of less than the usual seasonal proportions for the third successive month. The decline of 53,000 factory workers was caused largely by a sharp reduction in employment in automobile plants as passenger car production was cut during the latter part of December, and by a greater than seasonal drop in the canning and preserving industry. These losses were partly offset by gains in war industries and by a sharp rise in employment in slaughtering and meat packing. Establishments in many industries continued to report employment reductions because of inability to secure raw materials. Employment in mining declined by 4,000 from November to December, while the transportation and public utilities group showed a decrease of 35,000. Non-Federal construction declined by 77,000 while Federal construction declined 64,000, resulting in a decrease of 141,000 for total construction. Finance and service employment declined 6,000.

The greater part of the gain of 2,800,000 in non-agricultural employment over the year occurred in manufacturing with an increase of 1,600,000 workers. Federal, State, and local government services increased 423,000; trade increased 256,000; transportation and public utilities, 248,000; finance and service, 124,000; construction, 100,000; and mining, 52,000.

The employment index for all manufacturing industries combined in December stood at 134.0% of the 1923-25 average, and the payroll index at 169.8. Compared with December, 1940, factory employment increased 15.3% and pay rolls 38.7%. The considerably greater increase in pay rolls reflects expansion in working hours, overtime payments, and wage-rate increases. The rise in employment in slaughtering and meat packing from mid-November to mid-December amounted to 10,700, and carried employment in that industry to a new all-time peak. Other industries not directly related to the defense effort showing substantial increases over the month were leather boots and shoes (7,000), newspapers and periodicals (4,800), and book and job printing (2,900). Substantial decreases over the month occurred in automobiles (55,600), canning and preserving (32,900), beet sugar (3,600), and furniture (3,100). Industries directly connected with defense, like airplanes, engines and shipbuilding, of course continued to increase in employment.

The decline in mining employment between November and December occurred in anthracite coal mines and in quarrying and non-metallic mines. Virtually no change took place in bituminous coal, metal mines, and crude petroleum. The largest employment gains over the year were shown in quarrying and non-metallic mining (12%) and in metal mines (10%). Bituminous coal mines showed an increase of 5.9%, while employment in anthracite mines fell 3.5% over the year. Wholesale trade employment showed only a slightly greater-than-seasonal increase from November to December but was 4.4% higher than December, 1940.

In retail trade, employment increased by about the usual seasonal amount (9.5%) from November to December to reach the highest December level on record, exceeding the 1929 yearly average by 12.8%. The largest gains over the month occurred in stores selling general merchandise and apparel, with moderate gains in furniture and food stores. The only types of retail establishments reporting decreased employment over the month were automotive (—0.3%), and lumber and building materials (—1.8%). Over the year interval all divisions of retail trade showed increase excpt furniture (—1.5%) and automobile dealers (—2.5%).

The sizeable gain in non-agricultural employment over December of last year was widely distributed throughout the States. Increases of from 10 to 20% occurred in 20 States and the District of Columbia. The largest percentage increases were shown in the District of Columbia (19.6), Alabama (18.5), Arkansas (17.1) and Oregon (16.2).

Decreased activity in residential and non-residential building construction was largely responsible for the decline in employment of 80,600 during the month ending Dec. 15 on construction projects financed from regular Federal appropriations. Partially offsetting the losses on building construction were increases in the construction of airports and of naval and other vessels. Construction projects of the USHA, PWA, and RFC employed 14,400 fewer persons in December, and road projects financed wholly by State and local funds dropped 30,000 employees during the month.

The estimated increase of 84,900 employees in the executive branch of the Federal Government during the month of December is accounted for to some extent by the seasonal employment of temporary workers by the Post Office Department.

Employment on work-relief projects was contracted during December, as follows: NYA, 27,700 persons, CCC, 19,100 persons, and WPA, 3,300 persons. The CCC decline occurred mainly in the enrollee group, and the NYA decline was chiefly in the out-of-school work program.

The Labor Department also made public the following tabulations concerning December changes:

EMPLOYMENT AND PAYROLLS ON CONSTRUCTION PROJECTS FINANCED WHOLLY OR PARTIALLY FROM FEDERAL FUNDS AND ON ROADS FINANCED FROM STATE FUNDS, DECEMBER, 1941

(In Thousands)

	—Employment—			—Payrolls—		
		Change from			Change from	
Program	Dec. 1941*	Nov. 1941	Dec. 1940	Dec. 1941*	Nov. 1941	Dec. 1940
Financed by regular Federal Appropriations†	1,025.0	—80.6	+272.0	$168,613	+ $1,158	+ $85,726
Defense	907.0	—50.5	+383.0	151,919	+ 3,112	+ 86,073
Other	118.0	—30.1	—111.0	16,694	— 1,954	— 347
U. S. Housing Authority‡	§28.0	— 7.4	— 20.0	§4,354	+ 372	— 533
Defense	§7.0	— 2.6	+ 2.1	§1,257	+ 108	+ 838
Other	§21.0	— 4.8	— 22.1	§3,097	+ 264	— 1,371
Financed by PWA‡	2.6	— .1	— 18.5	480	+ 136	— 1,844
Financed by RFC‡	16.7	— 6.9	+ 13.1	2,878	— 713	+ 2,510
Defense	14.9	— 6.6	**	2,630	— 683	**
Other	1.8	— .3	**	248	— 30	**
State Roads¶	142.0	—30.0	— .5	8,429	— 5,265	— 2,461

*Preliminary.

†Data are for the month ending the 15th except data for Federal-aid roads which are for calendar month. Data for Federal-aid roads for December, 1941, are estimated. Employment data represent the maximum number employed in any one week.

‡Data are for the month ending the 15th. Employment data represent the maximum number employed in any one week.

§Estimated.

**Defense and other categories not set up.

¶Data are for calendar month. Employment data represent the average number working during the month. Data for December, 1941, are estimated.

EMPLOYMENT AND PAYROLLS IN REGULAR FEDERAL SERVICES, DECEMBER, 1941

(In Thousands)

Service—	Employment Dec. 1941*	Change from Nov. 1941	Change from Dec. 1940	Pay Rolls Dec. 1941*	Change from Nov. 1941	Change from Dec. 1940
Executive†	1,630.0	+84.9	+446.0	$252,463	+$15,065	+$68,756
Legislative	6.3	+ .1	+ .4	1,369	+ 9	+ 64
Judicial	2.6	‡	+ .1	657	+ 2	+ 4

*Preliminary. †Estimated. ‡Change less than 50.

EMPLOYMENT AND PAY ROLLS ON WORK RELIEF PROGRAMS, DECEMBER, 1941

(In Thousands)

Program—	Employment Dec. 1941*	Change from Nov. 1941	Change from Dec. 1940	Payrolls Dec. 1941*	Change from Nov. 1941	Change from Dec. 1940
WPA Projects†	1,053.0	— 3.3	—822.0	$69,500	+$8,900	—$33,792
Defense	322.0	— 1.7	‡	20,500	+ 2,400	‡
Other	731.0	— 1.6	‡	49,000	+ 6,500	‡
N. Y. A. Projects†	622.0	— 27.7	—160.0	9,223	— 645	— 407
Student work program	334.0	— 7.0	—116.0	2,294	— 73	— 813
Out-of-school work progr.	288.0	— 20.7	— 44.0	6,929	— 572	+ 406
Civilian Conservat. Corps§	152.0	— 19.1	—133.0	7,504	— 739	— 5,424

*Preliminary. †Data are for the calendar month. ‡Defense and other categories not set up. §Data on employment are for the last day of the month; pay rolls for the entire month.

ESTIMATES OF TOTAL NONAGRICULTURAL EMPLOYMENT

(In Thousands)

	Dec., 1941 (preliminary)	Nov., 1941	Change Nov. to Dec., 1941	Dec., 1940	Change Dec., 1940 to Dec., 1941
Total civil non-agricultural employment	40,940	40,749	—191	38,161	+2,779
Employees in non-agricul. establish.	34,797	34,606	+191	32,018	+2,779
Manufacturing	12,703	12,756	— 53	11,127	+1,576
Mining	907	911	— 4	855	+ 52
Contract construction	1,820	1,961	—141	1,720	+ 100
Transportation and public utilities	3,287	3,322	— 35	3,039	+ 248
Trade	7,503	7,146	+357	7,247	+ 256
Finance, service and miscellaneous	4,223	4,229	— 6	4,099	+ 124
Federal, State and local government	4,354	4,281	+ 73	3,931	+ 423

The estimates of "Total civil non-agricultural employment," given on the first line of the above table, represent the total number of persons engaged in gainful work in the United States in non-agricultural industries, excluding military and naval personnel, persons employed on WPA, or NYA projects, and enrollees in CCC camps. The series described as "Employees in non-agricultural establishments" excludes also proprietors and firm members, self-employed persons, casual workers and persons in domestic service. The estimates for "Employees in non-agricultural establishments" are shown separately for each of seven major industry groups. Data for the manufacturing and trade groups have been revised to include adjustments to preliminary 1939 Census data.

The figures represent the number of persons working at any time during the week ending nearest the middle of each month. The totals for the United States have been adjusted to conform to the figures shown by the 1930 Census of Occupations for the number of non-agricultural "gainful workers" less the number shown to have been unemployed for one week or more at the time of the Census.

Indexes of employment and pay rolls for all manufacturing industries combined, Class I steam railroads, and for those manufacturing industries for which information is available, are shown below for December, 1941, with percentage changes from November, 1941, and December, 1940. The 3-year average 1923-25 is used as a base in computing the indexes for the manufacturing industries and the 5-year average 1935-39 as a base for Class I steam railroads. For the other manufacturing industries information for years prior to 1929 is not available from the Bureau's records, and the 12-month average for 1929 is used as a base in computing the index numbers. These indexes are not adjusted for seasonal variation.

The data for manufacturing, mining, building construction, laundries, and dyeing and cleaning cover wage earners only; those for railroads cover all employees while the data for water transportation cover employees on vessels of 1,000 gross tons or over in deep-sea trades only. The data for other industries exclude proprietors and firm members, corporation officers, executives, and others whose work is mainly supervisory.

Industry—	Employment Index *Dec. 1941	Percentage change from Nov. 1941	Percentage change from Dec. 1940	Pay Roll Index *Dec. 1941	Percentage change from Nov. 1941	Percentage change from Dec. 1940
	(1923-25=100)			(1923-25=100)		
Manufacturing	†134.0	— 0.5	+15.3	†169.8	+ 2.8	+38.7
	(1935-39=100)			(1935-39=100)		
‡Class I Steam Railroads	116.1	— 1.5	+15.5	§	§	§
	(1929=100)			(1929=100)		
Trade:						
Wholesale	96.5	+ .2	+ 4.4	92.7	+ 1.2	+11.1
Food products	§	— .7	§	§	— **	§
Groceries & food spec.	§	— .4	§	§	+ 1.6	§
Dry goods & apparel	§	— 1.1	§	§	— 2.3	§
Mach., equip. & suppl.	§	— .3	§	§	+ 1.9	§
Farm products	§	+ 8.6	§	§	+ 5.9	§
Petrol. and petrol. prod. (incl. bulk tank sta.)	§	+ .4	§	§	+ 2.4	§
Automotive	§	+ .1	§	§	+ .9	§
Retail	††112.8	+ 9.5	+ 4.3	††107.9	+ 8.9	+10.9
Food	114.0	+ 1.9	+ 7.1	115.4	+ 2.3	+16.8
General merchandising	††161.0	+27.9	+ 5.8	††150.6	+27.8	+13.3
Apparel	107.6	+ 8.7	+ 4.1	101.7	+ 7.6	+ 8.9
Furniture	80.7	+ 2.4	+ 1.5	78.8	+ 5.5	+ 3.3
Automotive	85.8	— .3	— 2.5	87.2	+ .1	+ 2.3
Lumber & bldg. mater.	79.8	— 1.8	+ 4.9	83.0	.0	+14.5
Public Utilities:						
Tel. & Tel.	††89.6	— .5	+12.4	††124.1	+ 4.9	+19.9
Electric light & power	††93.3	— .1	+ 2.2	††116.3	+ 1.0	+ 9.8
Street rys. & buses**	††70.4	+ .2	+ 2.9	††80.1	+ 2.4	+ 9.5
Mining:						
Anthracite	49.1	— 2.3	— 3.5	35.9	—14.1	—16.0
Bituminous—coal	95.4	+ .3	+ 5.9	119.6	+ 2.9	+30.8
Metalliferous	79.5	+ ¶	+10.1	90.9	+ 1.3	+24.9
Quarrying & nonmetallic	50.8	— 3.4	+12.0	56.0	— 2.6	+31.8
Crude-petrol. production	61.0	+ .2	+ .6	64.9	+ 1.1	+16.1
Services:						
Hotels (year-round)	95.6	— .5	+ 3.3	‡‡93.5	+ .3	+11.2
Laundries	108.4	— .5	+ 8.0	102.7	+ .8	+15.1
Dyeing & cleaning	113.1	— 3.5	+ 9.5	88.5	— 4.9	+16.8
Brokerage	§	+ .4	— 9.5	§	+ 1.2	— 5.7
Insurance	§	+ .4	+ 2.4	§	+ 1.5	+ 5.2
Building Construction	§	— 5.6	+ 2.3	§	— .3	+17.5
Water Transportation	§§77.5	+ .1	+ 1.7	§	§	§

*Preliminary. †Adjusted to preliminary 1939 Census figures. ‡Source: Interstate Commerce Commission. §Not available. ¶Less 1-10 of 1%. **Retail-trade indexes adjusted to 1935 Census, public utility indexes to 1937 Census. ††Covers street railways and trolley and motorbus operations of subsidiary, affiliated and successor companies. ‡‡Cash payments only; value of board, room, and tips cannot be computed. §§Based on estimates prepared by the U. S. Maritime Commission.

INDEX NUMBERS OF EMPLOYMENT AND PAY ROLLS OF WAGE EARNERS IN MANUFACTURING INDUSTRIES ADJUSTED TO 1937 CENSUS OF MANUFACTURES, EXCEPT AS INDICATED IN NOTES † AND ‡

(Three-year average 1923-25=100.0)

Manufacturing Industries—	Employment *Dec. 1941	Employment Nov. 1941	Employment Dec. 1940	Pay Rolls *Dec. 1941	Pay Rolls Nov. 1941	Pay Rolls Dec. 1940
All Industries†	134.0	134.7	116.2	169.8	165.2	122.4
Durable Goods†	143.9	144.6	117.7	195.9	190.3	131.7
Non-durable Goods†	124.6	125.3	114.8	140.6	137.2	112.1
Durable Goods—						
Iron & steel & their products, not including machinery	138.6	138.8	121.6	175.7	172.0	133.0
Blast furnaces, steel works, and rolling mills	148.9	147.8	129.5	186.3	183.2	142.1
Bolts, nuts, washers, & rivets	171.2	168.7	134.7	263.7	253.4	178.0
Cast-iron pipe	98.0	98.3	87.4	121.9	117.9	97.1
Cutlery (not including silver & plated cutlery), & edge tools	134.3	132.5	109.8	164.7	160.7	113.7
Forgings, iron and steel	117.2	114.2	88.7	195.3	179.8	119.6
Hardware	115.2	113.4	112.5	152.8	148.2	128.4
Plumbers' supplies	96.5	98.1	96.6	108.7	106.7	95.1
Stamped & enameled ware	220.0	224.6	196.2	296.4	288.4	225.4
Steam & hot-water heating apparatus & steam fittings	123.7	125.1	102.6	160.5	150.1	105.0
Stoves	104.7	110.1	103.9	113.7	115.3	100.3
Struct. & ornamental metalwork	106.0	107.6	90.4	121.7	116.3	86.0
Tin cans & other tinware	131.2	135.0	98.9	171.7	165.9	113.1
Tools (not incl. edge tools, mach. tools, files & saws)	149.8	147.3	116.7	208.5	205.2	137.1
Wirework	198.1	203.8	206.8	260.7	280.4	242.0
Machinery, not incl. transportation equipment	183.3	181.4	136.1	270.3	255.3	163.0
Agricult'l impl. (incl. tractors)	167.3	167.5	143.2	218.0	223.9	171.3
Cash registers, adding machines, & calculating machines	176.5	177.0	135.2	231.2	223.2	148.2
Elec. mach., apparatus, & suppl.	‡	‡	‡	‡	‡	‡
Engines, turbines, water wheels, & windmills	‡	‡	‡	‡	‡	‡
Fdy. & mach. shop products	150.2	148.8	114.1	201.1	191.4	126.6
Machine tools	‡	‡	‡	‡	‡	‡
Radios & phonographs	218.7	217.8	158.5	286.2	267.2	163.6
Textile machinery & parts	109.6	109.0	86.1	149.8	141.1	90.6
Typewriters & parts	161.8	161.8	132.2	235.0	236.3	147.3
Transportation equipment§	205.9	210.3	149.8	288.4	287.8	169.4
Aircraft	‡	‡	‡	‡	‡	‡
Automobiles	115.9	129.7	130.2	150.9	175.8	145.0
Cars, electric- & steam-railr'd	99.4	97.2	66.0	119.2	111.7	62.3
Locomotives	‡	‡	‡	‡	‡	‡
Shipbuilding	‡	‡	‡	‡	‡	‡
Non-ferrous metals & their prod.	145.0	145.7	131.2	191.7	181.5	149.6
Aluminum manufactures	‡	‡	‡	‡	‡	‡
Brass, bronze, & cop. products	‡	‡	‡	‡	‡	‡
Clocks, watches and time-recording devices	112.1	116.1	106.2	149.7	155.0	119.6
Jewelry	116.4	119.8	104.2	123.2	115.5	96.9
Lighting equipment	114.6	119.6	110.0	125.5	124.4	102.2
Silverware & plated ware	85.7	86.5	78.9	100.5	102.2	86.5
Smelting and refining copper, lead, and zinc	100.5	100.3	96.7	122.0	120.8	102.7
Lumber and allied products	76.8	77.8	73.7	87.7	86.5	71.5
Furniture	106.6	108.4	97.4	120.0	118.8	92.6
Lumber:						
Millwork	74.4	75.5	71.6	71.6	71.0	59.7
Sawmills	65.7	66.3	64.7	71.7	70.3	60.4
Stone, clay, and glass products	99.8	101.5	88.7	107.1	106.1	85.7
Brick, tile, and terra cotta	74.0	76.2	65.2	72.1	72.9	56.8
Cement	80.8	82.5	71.7	89.8	91.5	72.4
Glass	131.9	133.3	116.8	172.8	169.3	137.6
Marble, granite, slate, and other products	44.5	45.5	45.1	34.8	34.5	33.4
Pottery	122.7	123.6	105.6	132.1	127.9	101.9
Non-Durable Goods—						
Textiles and their products	112.7	113.2	107.0	121.5	118.1	97.6
Fabrics	106.0	105.9	100.4	123.1	118.7	95.6
Carpets and rugs	89.7	90.0	82.4	94.6	93.8	76.2
Cotton goods	111.4	111.4	100.5	138.3	134.9	98.0
Cotton small wares	108.9	109.1	89.6	129.6	127.9	91.5
Dyeing & finishing textiles	135.8	133.1	134.3	142.3	132.4	121.0
Hats, fur-felt	75.0	76.4	83.9	82.2	75.9	81.5
Hosiery	135.2	135.0	146.0	163.5	159.5	160.1
Knitted outerwear	77.2	80.3	71.4	73.0	76.9	61.5
Knitted underwear	84.8	88.1	77.4	97.8	97.3	74.2
Knit cloth	146.5	145.8	147.5	146.7	139.7	129.8
Silk and rayon goods	60.9	61.3	65.3	61.7	60.9	54.4
Woolen and worsted goods	110.7	109.4	100.9	133.7	124.7	96.3
Wearing apparel	122.7	124.8	117.2	110.9	109.5	95.6
Clothing, Men's	119.9	121.0	108.1	110.7	109.0	86.4
Clothing, Women's	162.0	164.2	164.2	132.0	125.9	125.5
Corsets & allied garments	110.0	121.2	112.8	135.0	148.9	122.6
Men's furnishings	120.5	130.0	123.3	134.6	156.5	133.2
Millinery	60.7	61.3	60.8	40.1	40.3	41.5
Shirts and collars	135.4	137.0	122.1	152.7	155.5	115.0
Leather and its manufactures	99.5	96.7	90.6	106.8	96.9	78.5
Boots and shoes	95.6	92.3	88.0	99.7	88.3	73.2
Leather	98.4	97.7	85.8	121.5	117.8	89.5
Food and kindred products	140.8	145.7	130.5	156.5	157.6	132.5
Baking	151.8	153.7	144.1	156.8	159.7	137.7
Beverages	289.3	290.9	260.5	360.4	350.9	299.9
Butter	100.7	102.8	96.4	94.7	96.8	84.1
Canning and preserving	122.9	162.2	103.4	128.2	172.5	92.5
Confectionery	106.2	110.0	100.7	123.3	125.6	103.7
Flour	78.7	78.9	77.8	89.4	83.0	72.8
Ice Cream	71.0	73.0	69.5	67.0	66.8	61.0
Slaughtering & meat packing	138.1	129.7	125.0	168.1	153.5	137.3
Sugar, beet	221.7	265.4	235.4	247.2	308.3	263.2
Sugar refining, cane	96.6	97.0	94.3	96.0	89.7	85.0
Tobacco manufactures	67.5	68.4	65.6	76.4	77.1	67.4
Chewing & smok. tob. & snuff	57.3	54.8	57.4	75.7	71.5	69.8
Cigars and cigarettes	68.7	70.0	66.6	76.3	77.6	67.0
Paper and printing	128.3	126.6	119.5	143.7	137.4	120.8
Boxes, paper	144.6	146.7	125.2	192.7	193.5	145.4
Paper and pulp	129.0	128.6	115.9	168.5	166.7	128.5
Printing and publishing:						
Book and job	110.3	108.1	105.3	109.3	104.5	97.9
Newspapers and periodicals	122.2	118.1	119.8	128.7	116.4	116.1
Chemical, petroleum and coal products	147.9	147.7	125.7	198.7	194.2	143.9
Petroleum refining	129.4	129.2	119.8	174.6	167.8	139.0
Other than petroleum refining	152.4	152.3	127.1	206.1	202.3	145.4
Chemicals	186.5	184.9	149.9	271.0	264.6	187.9
Cottons'd—oil, cake, & meal	117.2	123.0	129.1	126.6	132.8	129.2
Druggists' preparations	149.4	148.2	115.8	183.5	189.2	130.7
Explosives	‡	‡	‡	‡	‡	‡
Fertilizers	105.8	101.2	95.0	104.4	99.1	80.5
Paints and varnishes	142.3	142.7	126.0	174.1	171.7	138.7
Rayon & allied products	320.6	323.2	315.1	391.2	385.8	334.4
Soap	92.5	96.5	84.8	133.6	138.5	106.3
Rubber products	110.4	111.5	97.5	136.6	141.0	111.1
Rubber boots and shoes	80.6	81.7	66.9	107.2	110.4	81.3
Rubber tires & inner tubes	85.3	86.5	76.9	108.0	117.6	96.4
Rubber goods, other	189.1	190.0	166.6	238.1	228.6	173.9

*December, 1941, indexes preliminary; subject to revision. †Adjusted to preliminary 1939 census figures. ‡Not available. §Indexes not comparable to indexes appearing in press releases dated earlier than November, 1940. Revised figures available in mimeographed form.

Delist Romanian Bonds

The SEC announces that it had granted the application of the New York Stock Exchange to strike from listing and registration the 7% guaranteed external sinking fund gold bonds, Stabilization and Development Loan of 1929, due Feb. 1, 1959, of the Kingdom of Romania and the Kingdom of Romania Monopolies Institute. In its announcement Feb. 14 the SEC said:

> The application stated, among other things, that the following notice was published by the Romanian Legation on March 13, 1941, in newspapers of general circulation in the city of New York because of the enactment of Decree-Law No. 529 of March 4, 1941, of the Romanian Government concerning the Control of Acts of Disposition made by Foreigners:
>
> "The Romanian Government has decreed that foreign citizens must declare to the Ministry of National Economy all shares or certificates of stock, bonds, debentures, bills and notes, made out to bearer and issued effectively on Romanian territory and heretofore not declared for stamping, registration or conversion.
>
> "Owners or holders thereof residing in the United States should submit such declarations before March 27, 1941, to the Romanian Legation in Washington, D. C.
>
> "The declaration may be in the form of a letter stating the declarant's citizenship, name, number and value of stock, bonds, etc., and the kind of title under which held. Romanian Legation, Washington, D. C."
>
> The application further stated that the New York Stock Exchange communicated with the Romanian Legation for information regarding the effect, if any, of the decree upon the bonds. The Legation informed the Exchange, it stated, that their authorities had advised them that the purpose of the declarations required by the decree is to ascertain the situation of the securities held by foreigners and not to impede any transactions in them, for which reason the formalities concerning the transfer of such securities are simple and that further explanations had been sent to the Legation by mail but had not as yet been received.
>
> The Exchange's reason for the proposed striking of the bonds from listing and registration was the lack of information as to the effect of Decree-Law No. 529 of the Romanian Government upon the bonds.
>
> The order granting the application becomes effective on Feb. 19, 1942.

Home Builders Committee For 1942 Announced

The following will constitute the Home Builders Emergency Committee, representing the home building industry, for the year 1942, according to an announcement made by E. L. Crain, Houston, President of the Home Builders Institute of America, which, with the National Association of Real Estate Boards, is cooperating in the Committee's work:

Hugh Potter, Houston, Chairman.
William J. Levitt, Manhasset, L. I., N. Y., Vice-Chairman.
Herbert U. Nelson, Chicago, Secretary.
John McC. Mowbray, Baltimore.
Fritz Burns, Los Angeles.
J. C. Nichols, Kansas City, Mo.
George F. Nixon, Chicago and Skokie, Ill.
Ellis Stoneson, San Francisco.
Waverly Taylor, Washington, D. C.

The Committee has offices in Washington.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
December	743,637	760,775	530,459	93	--
1942—Month of—					
January	673,122	668,230	528,698	102	--
1941—Week Ended—					
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,389	101	88
Dec. 20	149,874	166,948	535,556	101	88
Dec. 27	116,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147,419	140,263	530,549	86	88
Jan. 10	162,493	166,095	527,514	101	--
Jan. 17	167,846	165,360	525,088	102	102
Jan. 24	161,713	169,735	514,622	101	102
Jan. 31	181,070	167,040	528,698	101	102
Feb. 7	162,894	168,424	522,320	101	102
Feb. 14	156,745	167,424	510,542	101	102

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

Wholesale Commodity Prices Resumed Upward Trend In Week Ended Feb. 14

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Feb. 19 that commodity prices in primary markets resumed their upward movement during the week ended Feb. 14 and rose to the highest level since August, 1929. Following the slight reaction of the preceding week, the Bureau's index of nearly 900 price series rose 0.5% to 96.2% of the 1926 average. In the past month the all-commodity index has risen 0.6% and it is now 19½% above a year ago.

The Bureau's announcement further said:

> The advance for the week was general, affecting almost all markets. The principal price increases were for agricultural commodities, particularly livestock, meats, and fats and oils. Quotations were also advanced for a number of manufactured goods and industrial materials, including carpets and other household furnishings, shoes, certain textiles, lumber and fertilizer materials.
>
> Average prices for farm products in wholesale markets rose 0.6% during the week. Led by an increase of more than 2% for hogs, to the highest February level in 16 years, the livestock and poultry subgroup rose 1.7%. Quotations were also higher for cotton, barley, rye, oats and for hay, tobacco and wool. Seasonally lower prices were reported for eggs, apples, onions and potatoes, also for corn and wheat. Although agricultural commodity prices are slightly lower than they were for the corresponding week of January they are nearly 43% higher than a year ago.
>
> A sharp increase in prices for meats, particularly pork, brought wholesale prices of foods to slightly below the mid-January peak when the index reached the highest level since the Spring of 1930. Fruits and vegetables, including prunes, bananas and oranges, rose 0.6% and quotations were slightly higher for rice, corn meal and lard. Lower prices were reported for flour and oatmeal, and for cured beef at New York, and lamb. Cattle feed declined 3%.
>
> Prices for cotton textiles rose moderately during the week. An increase of approximately 5% was reported in prices for carpets.
>
> Quotations for petroleum products from the Pennsylvania fields advanced while Oklahoma natural gasoline declined.
>
> There was an increase of 0.4% in the average prices for building materials as higher prices were quoted for red cedar shingles, and for some types of yellow pine, oak and gum lumber. Lower prices were reported for maple flooring, for yellow pine boards and timbers, and for rosin and turpentine.
>
> The industrial grades of fats and oils, particularly castor oil, sulfur olive oil and tallow, averaged 1.8% higher than a week ago. In the past year these materials have risen 133%.
>
> The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Jan. 17, 1942 and for Feb. 15, 1941 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Feb. 7 to Feb. 14, 1942.

(1926 = 100)

Commodity Groups—	2-14 1942	2-7 1942	1-31 1942	1-17 1942	2-15 1941	Percentage changes to Feb. 14, 1942 from 2-7 1942	1-17 1942	2-15 1941
All Commodities	96.2	95.7	95.9	95.6	80.5	+0.5	+0.6	+19.5
Farm products	100.7	100.1	101.3	100.8	70.5	+0.6	—0.1	+42.8
Foods	94.0	93.7	93.9	94.1	73.3	+0.3	—0.1	+28.2
Hides and leather products	116.1	115.8	115.7	115.6	101.9	+0.3	+0.4	+13.9
Textile products	93.6	93.5	93.6	92.6	75.6	+0.1	+1.1	+23.8
Fuel and lighting materials	78.7	78.4	78.8	78.9	72.7	+0.4	—0.3	+ 8.3
Metals and metal products	103.6	103.6	103.6	103.5	97.9	0	+0.1	+ 5.8
Building materials	109.8	109.4	109.6	109.1	99.4	+0.4	+0.6	+10.5
Chemicals and allied products	96.9	96.6	96.7	95.6	78.7	+0.3	+1.4	+23.1
Housefurnishing goods	104.0	102.9	102.9	102.7	90.2	+1.1	+1.3	+15.2
Miscellaneous commodities	89.0	88.2	88.4	87.9	76.7	+0.9	+1.3	+16.0
Raw materials	96.4	95.9	96.4	95.6	73.8	+0.5	+0.8	+30.6
Semimanufactured articles	91.9	91.9	92.0	91.4	81.2	0	+0.5	+13.2
Manufactured products	86.9	96.3	96.4	96.5	83.8	+0.6	+0.4	+15.6
All commodities other than farm products	95.2	94.7	94.7	94.5	82.7	+0.5	+0.7	+15.1
All commodities other than farm products and foods	94.9	94.5	94.7	94.4	84.6	+0.4	+0.5	+12.2

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM FEB. 7, 1942 TO FEB. 14, 1942

Increases			
Meats	2.0	Cotton goods	0.4
Oils and fats	1.8	Agricultural implements	0.3
Livestock and poultry	1.7	Fertilizer materials	0.3
Furnishings	1.6	Other farm products	0.3
Lumber	1.1	Brick and tile	0.2
Petroleum products	0.9	Bituminous coal	0.1
Fruits and vegetables	0.6	Chemicals	0.1
Furniture	0.5	Drugs and pharmaceuticals	0.1
Shoes	0.5	Other building materials	0.1
Other textile products	0.1		
Decreases			
Cattle feed	3.0	Paper and pulp	0.3
Other foods	1.1	Cereal products	0.2
Grains	0.6	Paint and paint materials	0.2

Liquidation Of Insolvent National Banks

Comptroller of the Currency Preston Delano announced on Feb. 12 that during the month of January, 1942, the liquidation of eight insolvent National banks was completed and the affairs of such receiverships finally closed. His announcement further said:

> Total disbursements, including offsets allowed, to depositors and other creditors of these eight receiverships, amounted to $23,264,562, while dividends paid to unsecured creditors amounted to an average of 85.30% of their claims. Total costs of liquidation of these receiverships averaged 7.35% of total collections from all sources, including offsets allowed.
>
> Dividend distributions to all creditors of all active receiverships during the month of January, amounted to $659,027. Data as to results of liquidation of the receiverships finally closed during the month are as follows:

INSOLVENT NATIONAL BANKS LIQUIDATED AND FINALLY CLOSED DURING THE MONTH OF JANUARY, 1942

Name and Location of Bank—	Date of Failure	Total Disbursements to Creditors Including Offsets Allowed	Per Cent Dividends Declared to All Claimants	Capital Stock at Date of Failure
United States Nat'l Bank, Los Angeles, Calif.	8-18-31	$7,459,948	82.66	$1,000,000
*Presque Isle National Bank, Presque Isle, Me.	11- 7-33	3,293,506	99.29†	100,000
*Broad Street National Bank, Red Bank, N.-J.	4-15-33	1,667,372	47.3	150,000
*First National Bank, Secaucus, New Jersey	6-18-34	1,231,286	86.46†	100,000
*First National Bank, Toledo, O.	4- 3-34	6,287,257	94.25†	500,000
*First National Bank & Trust Co., Bedford, Penn.	10-26-34	1,460,242	102.08†‡	150,000
*First National Bank & Trust Co., Frackville, Penna.	4-23-34	1,471,182	84.37†	125,000
Nescopeck National Bank, Nescopeck, Penna.	10-22-37	393,769	92.4	84.650

*Formerly in conservatorship. †Including dividends paid through or by purchasing bank. ‡100% principal and partial interest paid to creditors.

Lumber Manufacturing Statistics During Four Weeks Ended Jan. 31, 1942

We give herewith data on identical mills for the four weeks ended Jan. 31, 1942, as reported by the National Lumber Manufacturers Association on Feb. 10:

An average of 472 mills report as follows to the National Lumber Trade Barometer for the four weeks ended Jan. 31, 1942:

(In 1,000 feet)	Production 1942	Production 1941	Shipments 1942	Shipments 1941	Orders Rec'd 1942	Orders Rec'd 1941
Softwoods	814,224	868,775	926,208	955,549	1,162,931	1,023,362
Hardwoods	45,299	43,128	46,255	45,857	54,540	43,704
Total lumber	859,523	911,903	972,463	1,001,406	1,217,471	1,067,060

Production during the four weeks ended Jan. 31, 1942, as reported by these mills, was 6% below that of corresponding weeks a year ago. Softwood production in 1942 was 6% below that of the same weeks of 1941 and 14% above the records of comparable mills during the same period of 1940. Hardwood output was 5% above production of the 1941 period.

Shipments during the four weeks ended Jan. 31, 1942, were 3% below those of corresponding weeks of 1941, softwoods showing a loss of 3%, and hardwoods a gain of 1%.

Orders received during the four weeks ended Jan. 31, 1941, were 14% above those of corresponding weeks of 1941. Softwood orders in 1942 were 14% above those of similar period of 1941 and 40% above the same weeks of 1940. Hardwood orders showed a gain of 25% as compared with corresponding weeks of 1941.

On Jan. 31, 1942, gross stocks as reported by 393 softwood mills were 2,864,199,000 feet, the equivalent of 73 days' average production (three-year average 1939-40-41) as compared with 3,045,682,000 feet on Feb. 1, 1941, the equivalent of 78 days' average production.

On Jan. 31, 1942, unfilled orders as reported by 389 softwood mills were 1,370,093,000 feet, the equivalent of 36 days' average production, compared with 1,043,277,000 feet, on Feb. 1, 1941, the equivalent of 27 days' average production.

Agricultural Extension

Secretary of Agriculture Wickard has made public a memorandum placing on the Extension Service the responsibility for "carrying forward on every sector of the farm front the general educational work in agriculture and home economics essential to the success of our war-time effort." He stated that the educational program "must without exception include all that is necessary to an understanding by rural people of each program individually and of all programs as a unified whole." With respect thereto advices from the Department of Agriculture said:

> The Extension Service is a cooperative agency of the Department and State land-grant colleges. It has a corps of trained extension subject-matter specialists in every State and county agricultural and home demonstration agents in every county of agricultural importance.
>
> The Secretary charged the Extension Service with responsibility for all group or general educational work essential to understanding of the action programs and for spreading to all farm people scientific and economic information of the Department and State Experiment Stations.
>
> He pointed out that Extension Service representatives are members of all State and county USDA War Boards, and that Extension Service's responsibility for educational work of the boards was the same as for other programs.
>
> Administration of the action programs, such as the AAA and FSA programs, contacting individual farmers on participation in the programs, checking compliance, etc., remains the job of the action agencies.

Cuban Sugar Production

While the Government of Cuba has not yet issued the necessary decree establishing the amount of sugar to be produced during the present crop year, it has been privately estimated in Cuba that this year's output may be fixed at as high as 3,800,000 Spanish long tons against 2,400,000 tons during the preceding crop year, according to the U. S. Department of Commerce, which states that:

> Unofficial estimates originating in Cuba show that exports of raw sugar from the Island during 1941 amounted to about 3,145,000 Spanish long tons compared with 1,989,192 tons exported during 1940.

68,070 Freight Cars On Order by Roads Feb. 1

Class I railroads on Feb. 1, 1942, had more new freight cars on order than on any corresponding date on record, the Association of American Railroads announced on Feb. 18. New freight cars on order on Feb. 1, totaled 68,070 compared with 41,600 on the same date last year. New freight cars on order on Feb. 1, 1942, included 41,959 box, 21,260 coal, 1,274 refrigerator, 2,244 flat, 300 stock and 1,033 miscellaneous.

The Class I railroads on Feb. 1, this year also had 543 new locomotives on order, of which 249 were steam and 294 electric and Diesel. On the same date last year, there were 238 new locomotives on order, which included 120 steam and 118 electric and Diesel.

The Class I railroads in January, put in service, 8,143 new freight cars compared with 6,525 in the same month last year.

New locomotives put in service in January totaled 71, of which 26 were steam and 45 electric and Diesel. In the same month last year 47 new locomotives were installed in service, which included 15 steam and 32 electric and Diesel.

January Living Costs Rise In 67 Cities

Living costs for wage earners and lower-salaried clerical workers increased from December to January in 67 cities, according to The Conference Board. The largest increase was 2.6% in Baltimore; the smallest 0.5% in Newark. In the United States as a whole, the cost of living rose 1.4% according to the Board, which says:

> The cost of living was higher in January than in January, 1941, in all 59 cities for which comparable figures are available. The largest increase was 15.7% in Syracuse; the smallest 6.6% in Newark. In the United States the cost of living rose 9.9% from January, 1941, to January, 1942.

The following table furnished by the Board gives percentage changes in living costs from December, 1941, to January, 1942 in all 67 cities:

PERCENTAGE CHANGES IN LIVING COSTS IN 67 CITIES
DECEMBER, 1941 TO JANUARY, 1942

Source: The Conference Board

City	% Change	City	% Change	City	% Change
Baltimore	+2.6	Saginaw, Mich.	+1.6	Dallas	+1.3
Sacramento	+2.5	Syracuse	+1.6	Macon	+1.3
San Francisco	+2.5	Evansville, Ind.	+1.5	Omaha	+1.3
Wilmington, Del.	+2.5	Joliet, Ill.	+1.5	Kansas City, Mo.	+1.2
New Haven	+2.2	Los Angeles	+1.5	Lewistown, Pa.	+1.2
Des Moines	+2.1	Louisville	+1.5	Parkersburg, W. Va.	+1.2
Flint, Mich.	+2.1	Meadville, Pa.	+1.5	St. Louis	+1.2
Philadelphia	+2.1	Memphis	+1.5	Trenton, N. J.	+1.2
Portland, Ore.	+2.1	Oakland	+1.5	Duluth	+1.1
Seattle	+2.1	Spokane	+1.5	Front Royal, Va.	+1.1
Bridgeport	+2.0	Atlanta	+1.4	Indianapolis	+1.1
Erie, Pa.	+1.9	Denver	+1.4	New York	+1.1
Grand Rapids	+1.9	Detroit	+1.4	Birmingham	+1.0
Providence	+1.9	Houston	+1.4	Roanoke, Va.	+1.0
Lansing	+1.8	Minneapolis	+1.4	Toledo	+1.0
New Orleans	+1.8	Pittsburgh	+1.4	Muskegon	+0.9
Cincinnati	+1.7	Richmond	+1.4	Chicago	+0.9
Manchester, N. H.	+1.7	Rochester	+1.4	Rockford, Ill.	+0.9
Youngstown	+1.7	Wausau, Wis.	+1.4	St. Paul	+0.9
Boston	+1.6	Akron	+1.3	Anderson, Ind.	+0.8
Fall River	+1.6	Chattanooga	+1.3	Buffalo	+0.8
Lynn	+1.6	Cleveland	+1.3	Milwaukee	+0.8
				Newark	+0.5

Slight Increase In Active Cotton Spindles In January

The Bureau of the Census announced on Feb. 20 that according to preliminary figures 24,136,306 cotton spinning spindles were in place in the United States on Jan. 31, 1942, of which 23,077,352 were operated at some time during the month, compared with 23,063,112 for December, 23,069,146 for November, 23,043,310 for October, 22,963,944 for September, 23,029,066 for August, and 22,829,220 for January, 1941. The aggregate number of active spindle hours reported for the month was 11,363,805,962. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during January 1942 at 136.9% capacity. This percentage compares, on the same basis, with 124.0 for December, 129.4 for November, 125.8 for October, 123.7 for September, 125.3 for August, and 112.3 for January, 1941. The average number of active spindle hours per spindle in place for the month was 471. The total number of cotton spinning spindles in place, the number active, the number of active spindle hours, and the average hours per spindle in place by States, are shown in the following statement:

State—	Spinning Spindles In place Jan. 31	Spinning Spindles Active during January	Active Spindle Hrs. for Jan. Total	Active Spindle Hrs. for Jan. Average per spindle in place
United States	24,136,306	23,077,352	11,363,805,962	471
Cotton Growing States	17,935,028	17,450,286	9,035,432,299	504
New England States	5,491,938	4,977,056	2,085,073,612	380
All other States	709,340	650,010	243,300,051	343
Alabama	1,822,308	1,802,044	949,727,853	521
Connecticut	522,088	491,730	170,325,070	326
Georgia	3,155,634	3,034,700	1,555,421,515	493
Maine	647,340	594,084	266,491,746	412
Massachusetts	3,096,578	2,757,368	1,144,960,316	370
Mississippi	157,896	133,840	71,175,490	451
New Hampshire	281,964	265,040	133,539,916	474
New York	323,100	295,168	116,323,104	360
North Carolina	5,781,888	5,661,604	2,791,709,499	483
Rhode Island	909,408	834,562	347,137,044	382
South Carolina	5,390,674	5,279,594	2,900,855,542	538
Tennessee	551,080	542,648	295,736,765	537
Texas	242,342	230,054	110,635,565	457
Virginia	636,596	600,124	288,537,712	453
All other States	617,410	554,792	221,228,825	358

Trading On New York Exchanges

The Securities and Exchange Commission made public on Feb. 24 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Feb. 7, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Feb. 7 (in round-lot transactions) totaled 679,480 shares, which amount was 14.05% of total transactions on the Exchange of 2,418,260 shares. This compares with member trading during the previous week ended Jan. 31 of 808,765 shares, or 14.63% of total trading of 2,762,890 shares. On the New York Curb Exchange, member trading during the week ended Feb. 7 amounted to 124,385 shares, or 15.32% of the total volume on that Exchange of 405,935 shares; during the preceding week trading for the account of Curb members of 148,205 shares was 16.55% of total trading of 447,675 shares.

The Commission made available the following data for the week ended Feb. 7:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,042	749
1. Reports showing transactions as specialists	182	87
2. Reports showing other transactions initiated on the floor	159	27
3. Reports showing other transactions initiated off the floor	172	62
4. Reports showing no transactions	615	575

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Week Ended Feb. 7, 1942

	Total For Week	Per Cent a
A. Total Round-Lot Sales:		
Short sales	78,160	
Other sales b	2,340,100	
Total sales	2,418,260	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	195,400	
Short sales	36,970	
Other sales b	143,110	
Total sales	180,080	7.76
2. Other transactions initiated on the floor—		
Total purchases	93,100	
Short sales	13,100	
Other sales b	71,690	
Total sales	84,790	3.68
3. Other transactions initiated off the floor—		
Total purchases	59,670	
Short sales	8,200	
Other sales b	58,240	
Total sales	66,440	2.61
4. Total—		
Total purchases	348,170	
Short sales	58,270	
Other sales b	273,040	
Total sales	331,310	14.05

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Week Ended Feb. 7, 1942

	Total For Week	Per Cent a
A. Total Round-Lot Sales:		
Short sales	3,335	
Other sales b	402,600	
Total sales	405,935	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	32,570	
Short sales	1,995	
Other sales b	54,845	
Total sales	56,840	11.01
2. Other transactions initiated on the floor—		
Total purchases	5,550	
Short sales	100	
Other sales b	6,235	
Total sales	6,335	1.46
3. Other transactions initiated off the floor—		
Total purchases	10,495	
Short sales	930	
Other sales b	11,665	
Total sales	12,595	2.85
4. Total—		
Total purchases	48,615	
Short sales	3,025	
Other sales b	72,745	
Total sales	75,770	15.32
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
Customers' other sales c	24,689	
Total purchases	24,689	
Total sales	16,765	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Shift Of Personnel To War Agencies Speeded

President Roosevelt issued an executive order on Feb. 21 designed to expedite the transfer of personnel to war agencies. The order supplements the President's recent letter to governmental agency heads directing them to survey surplus personnel. The President on Feb. 21 asked the Budget Bureau to establish priority classifications of the executive departments and agencies in respect to their relative importance to the war program and authorized the Civil Service Commission to effect the transfer of any employe deemed competent to perform essential war work. In giving the text of the executive order, special advices Feb. 21 from Washington to the New York "Times" said:

> Employes transferred to agencies with a higher war priority rating will be moved only after they have consented. They will have re-employment benefits similar to those afforded to employes who are drafted into military service.

In issuing the order, the President indicated that he had requested the Bureau of the Budget to conduct immediately a special investigation of appropriations for personal services and other items of expenditure throughout the agencies of Government. Any amounts found not essential to the conduct of Government and its war efforts may be placed in reserve.

Text of the Order

The text of the executive order is as follows:

"By virtue of the authority vested in me by the Civil Service Act (22 Stat. 403), and by Section 1753 of the Revised Statutes of the United States (U. S. O., Title 5, Sec. 631), and in order to expedite the transfer of personnel to war agencies, it is hereby ordered as follows:

"1. For the purpose of facilitating transfers of employes under the provisions of this order the Director of the Bureau of the Budget shall from time to time establish priority classifications of the several executive departments and agencies, or of parts of activities thereof, in respect to their relative importance to the war program, and such classifications shall be controlling as to transfers under the provisions of this order.

"2. The Civil Service Commission is authorized to secure information as to employes of executive departments and agencies who are deemed competent to perform essential war work in departments or agencies having a higher priority classification, and, with the consent of the employe concerned, to effect the transfer of any such employe to meet the personnel needs of a department or agency having a higher priority classification.

"3. Whenever a transfer is proposed under the provisions of Section 2, it shall become effective not later than 10 days after notification to the department or agency in which the employe is serving. If, within that period, the employing department or agency presents to the Civil Service Commission evidence that its work will be jeopardized by the loss of the employe's services, the Civil Service Commission shall consider such evidence and make a final decision. Transfers to departments and agencies having the same or lower classifications shall not be effected without the consent of the department or agency in which the employe is serving.

"4. Any employe transferred pursuant to this order shall be entitled to all the re-employment benefits provided by Executive Order No. 8973 of Dec. 12, 1941.

"5. The Civil Service Commission is authorized to adopt such rules and regulations and to establish such procedures as may be necessary to carry out its responsibilities under this order. Each executive department and agency shall promptly furnish the Civil Service Commission such information regarding its employes as the Commission may require for the effectuation of this order.

"6. This order shall supersede any provisions of Executive Order No. 8973 of Dec. 12, 1941, or of any other executive order or rule of the Civil Service Commission which is in conflict therewith."

The previous references to the President's action in instructing heads of Federal Agencies to release surplus workers for defense work appeared in our Feb. 19 issue, page 768.

26½ Million on Draft List

An estimated 9,000,000 men between the ages of 20 and 45 years were registered throughout the country on Feb. 14, 15 and 16 for possible military service in the first registration since war began but the third under the Selective Training and Service Act of 1940. With over 17,600,000 men from 21 through 35 signed up in the first two registrations, Oct. 16, 1940, and July 1, 1941, the nation's registered manpower pool is now above 26,500,000. When those men of non-military age—18-19 and 45-64—are registered in the Spring, this total is expected to rise to around 40,000,000.

The new registrants subject to military service will be added to the previous lists and not be integrated with the others. Another lottery in Washington will determine their order numbers.

Selective Service headquarters in Washington disclosed on Feb. 13 that a detailed questionnaire will soon be sent to those registrants not already in military service to make available an "all-over picture of the vocational experience of the nation's manpower."

Brig. Gen. Lewis B. Hershey, Director of Selective Service, also recently announced an easing of the restrictions regarding men with defective eyes and teeth.

Midland Bank (London) Profits For Year 1941

The directors of the Midland Bank, Ltd. (head office London), report that, full provision having been made for all bad and doubtful debts and for contingencies, the net profits for the year ended Dec. 31, 1941, amounted to £1,969,287 17s. 6d., to which had to be added the balance of £620,082 16s. 8d. brought forward from the last account, making together a total sum of £2,589,370 14s. 2d., out of which the following appropriations have been made: To interim dividend paid July 15, last, for the half-year ended June 30, 1941, at the rate of 8% actual less income tax at 10s. 0d., £606,344 16s. 9d., to contingent account for war damage to bank premises, £250,000, and to reserve for future contingencies, £500,000, leaving the sum of £1,233,625 17s. 5d., from which the directors recommend a dividend, payable Feb. 1, 1942, for the half-year ended Dec. 31, last, at the rate of 8% actual, less income tax, calling for £606,344 16s. 9d., leaving balance of £626,681 8d. to be carried forward to the next account.

A summary of the consolidated statement of the liabilities and assets of the Midland Bank Ltd. and its four affiliated companies—the Belfast, Clydesdale and North of Scotland Banks and the Midland Bank Executor and Trustee Company—made up on Dec. 31, 1941, comparing the position as at the end of the two previous years, shows total assets of £830,454,998 at the end of December, 1941, as compared with £701,888,282 on Dec. 31, 1940, and £621,339,724 on Dec. 31, 1939. Current, deposit and other accounts on the latest date are shown as £775,862,987, as compared with £650,734,470 and £567,894,005 on the earlier dates. The bank's paid-up capital is listed at the latest date as £15,158,621, the same as in the two previous year-end statements, and the reserve fund is also the same, £12,410,609.

In a statement presented at the annual stockholders' meeting in January (in lieu of the speech usually delivered), the Chairman, R. McKenna, said in part:

> The net profit for the year, at £1,969,000, is slightly higher than for 1940, the large increase in the amount payable for income tax and national defense contribution having been more than counterbalanced by the expansion of our business and the smaller provision required for bad and doubtful debts. We recommend a final dividend again at the rate of 8% actual less income tax, making 16% for the year. It has been felt prudent in view of the inevitable difficulties to be faced in the post-war period, to strengthen the reserve for future contingencies by an appropriation of £500,000. We have, moreover, placed a further £250,000 to contingent account for war damage to bank premises, as we cannot be sure that the Government's contributory scheme of compensation will cover total replacement of the damage already sustained or possibly still to be suffered before the end of the war. These appropriations, together with the £1,213,000 for dividends, will absorb practically the whole of the year's profit, leaving the slightly larger amount of £627,000 to be carried forward. Our affiliations, the Belfast Banking Company, The Clydesdale Bank, the North of Scotland Bank and the Midland Bank Executor and Trustee Company, have made their full contribution to these results, and we are glad to know that they, too, despite the difficulties common to all of us, are maintaining their highly efficient services.

Fertilizer Ass'n. Price Index Still Rises

The weekly wholesale commodity price index compiled by The National Fertilizer Association which was made public Feb. 23, continued the upward swing last week. This index, in the week ended Feb. 21, 1942, advanced to 123.7% of the 1935-1939 average, compared with 122.5 in the preceding week. This brings the index 1.5% above the corresponding week a month ago when the index was 121.8, and it is 23.0% higher than a year ago.

The gains in cotton, grains, foodstuffs, and textiles were chiefly responsible for the advance in the all-commodity index. The indexes of farm products and food groups reached new high levels. Higher prices in cotton and cotton materials resulted in a substantial rise in the textiles group index. Slight changes were registered in other industrial commodities. Miscellaneous commodities, fertilizers, and farm machinery groups advanced, while the building materials and fertilizer materials groups declined slightly.

During the week 29 price series included in the index advanced and 14 declined; in the preceding week 22 items advanced and 23 declined; in the second preceding week there were 25 advances and 22 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[1935-1939 = 100*]

% Each Group Bears to the Total Index	Group	Latest Week Feb. 21, 1942	Preceding Week Feb. 14, 1942	Month Ago Jan. 17, 1942	Year Ago Feb. 22, 1941
25.3	Foods	121.5	118.2	119.7	92.6
	Fats and Oils	135.6	135.6	130.8	74.6
	Cottonseed Oil	159.0	158.7	156.1	71.8
23.0	Farm Products	132.4	131.7	130.4	93.4
	Cotton	183.7	180.8	170.4	96.8
	Grains	121.0	119.1	121.5	82.5
	Livestock	124.6	124.6	122.6	94.4
17.3	Fuels	113.8	113.8	113.0	101.5
10.8	Miscellaneous commodities	127.2	127.0	127.2	111.1
8.2	Textiles	150.5	149.8	149.0	113.6
7.1	Metals	104.4	104.4	104.0	103.5
6.1	Building materials	135.0	135.1	131.8	117.7
1.3	Chemicals and drugs	120.3	120.3	120.1	104.0
.3	Fertilizer materials	118.3	118.4	117.4	105.7
.3	Fertilizers	115.3	114.0	114.0	102.1
.3	Farm machinery	103.8	103.5	103.5	99.8
100.0	All groups combined	123.7	122.5	212.0	100.6

*Indexes on 1926-1928 base were: Feb. 21, 1942, 96.4; Feb. 14, 1942, 95.4; Feb. 22, 1941, 78.4.

Engineering Construction Down 2½% In Week

Major engineering construction volume for the short week due to the Lincoln's Birthday holiday totals $102,218,000, the fifth consecutive week in which the volume topped the $100,000,000-mark according to a release dated Feb. 19 by "Engineering News-Record." The current week's construction compares with $104,893,000 for the preceding week, and $114,981,000 for the 1941 week.

Private construction turned sharply upward, reaching $26,690,000, the highest total reported since the week of Dec. 11, 1941. Public volume, $75,528,000, compares with $96,950,000 reported for last week, and $81,615,000 for the week last year.

The current week's total brings 1942 construction to $996,981,000, an increase of 12% over the volume reported for the opening eight-week period last year. Private work, $107,401,000, is 61% below a year ago, but public is 45% higher as a result of the 86% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	Feb. 20, 1941 (five days)	Feb. 12, 1942 (five days)	Feb. 19, 1942 (four days)
Total Construction	$114,981,000	$104,893,000	$102,218,000
Private Construction	33,366,000	7,943,000	26,690,000
Public Construction	81,615,000	96,950,000	75,528,000
State and Municipal	23,379,000	11,801,000	12,533,000
Federal	58,236,000	85,149,000	62,995,000

In the classified construction groups, gains over the preceding week are in commercial building and large-scale private housing, industrial buildings, public buildings, streets and roads, and unclassified construction. Public building is the only class of work to report an increase over a year ago. Subtotals for the week in each class of construction are: waterworks, $511,000; sewerage, $1,272,000; bridges, $881,000; industrial buildings, $14,811,000; commercial building and large-scale private housing, $10,641,000; public buildings, $53,478,000; earthwork and drainage, $318,000; streets and roads, $5,775,000; and unclassified construction, $14,531,000.

New capital for construction purposes for the week totals $264,602,000. This compares with $37,018,000 for the corresponding week last year. The week's new financing total is made up of $710,000 in state and municipal bond sales, $642,000 in corporate security issues, and $263,250,000 in Federal appropriations for Government plant construction.

New construction financing for the year to date totals $1,369,231,000, an increase of 110% over the $653,833,000 for the eight-week period last year.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report stated that the production of soft coal showed little change in the week ended Feb. 14. The total output for the country is estimated at 10,830,000 net tons, an increase of 70,000 tons, or less than 1%. Production in the corresponding week last year amounted to 10,416,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Feb. 14 was estimated at 1,168,000 tons, an increase of 18,000 tons (about 2%) over the preceding week. When compared with the output in the corresponding week of 1941, there was a decrease of 4.0%.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS, WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(Data for Pennsylvania anthracite from Weekly Anthracite and Beehive Coke Report of the Bureau of Mines; data for crude petroleum computed from weekly statistics of American Petroleum Institute.)

	Week Ended			Jan. 1 to date		
Bituminous coal a	Feb. 14, 1942	Feb. 7, 1942	Feb. 15, 1941	Feb. 14, 1942c	Feb. 15, 1941	Feb. 13, 1937
Total, including mine fuel	10,830,000	10,760,000	10,416,000	70,464,000	65,391,000	61,761,000
Daily average	1,805,000	1,793,000	1,736,000	1,854,000	1,677,000	1,669,000
Crude petroleum b						
Coal equivalent of weekly output	6,533,000	6,947,000	5,828,000	43,035,000	37,909,000	32,434,000

a Includes for purposes of historical comparison and statistical convenience the production of lignite. *b* Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. ("Minerals Yearbook," 1939, page 702.) *c* Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar year to date		
Penn. anthracite—	Feb. 14, 1942	Feb. 7, 1942	Feb. 15, 1941	Feb. 14, 1942	Feb. 15, 1941	Feb. 16, 1929
Total, including colliery fuel, a	1,168,000	1,150,000	1,217,000	6,850,000	7,409,000	11,020,000
Comm'l production b	1,110,000	1,093,000	1,156,000	6,508,000	7,039,000	10,227,000
Beehive coke—						
United States total	161,000	150,900	125,800	959,000	785,400	780,200
Daily average	23,000	21,557	17,971	21,311	17,074	16,600

a Includes washery and dredge coal, and coal shipped by truck from authorized operations. *b* Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Feb. average
State—	Feb. 7, 1942	Jan. 31, 1942	Feb. 8, 1941	Feb. 10, 1940	Feb. 6, 1937	e1923
Alaska	3	3	4	2	2	(f)
Alabama	382	379	334	330	296	409
Arkansas and Oklahoma	75	78	78	105	107	87
Colorado	170	186	147	182	240	231
Georgia & North Carolina	2	1	1	*	*	(f)
Illinois	1,366	1,442	1,197	1,329	1,423	1,993
Indiana	496	563	437	482	458	613
Iowa	80	92	60	79	127	136
Kansas and Missouri	175	207	161	215	203	174
Kentucky—Eastern	748	748	780	885	313	556
Kentucky—Western	276	272	244	277	60	226
Maryland	39	39	38	37	38	51
Michigan	7	7	13	16	29	26
Montana	80	84	66	68	84	80
New Mexico	30	29	24	24	50	58
North & South Dakota	57	51	59	51	38	f37
Ohio	655	686	551	458	626	694
Pennsylvania bituminous	2,595	2,717	2,547	2,134	2,680	3,087
Tennessee	138	137	136	142	111	127
Texas	10	8	8	20	16	23
Utah	88	123	97	67	147	96
Virginia	368	365	339	326	270	212
Washington	32	32	42	34	62	77
West Virginia—Southern a	1,915	1,960	1,912	1,906	1,714	1,127
West Virginia—Northern b	816	831	703	640	709	673
Wyoming	156	155	116	122	165	156
Other Western States c	1	*	1	*	*	f7
Total bituminous coal	10,760	11,195	10,095	9,931	10,018	10,956
Pennsylvania anthracite d	1,150	1,096	1,141	654	1,093	1,902
Total, all coal	11,910	12,291	11,236	10,585	11,111	12,858

a Includes operations on N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay Counties. *b* Rest of State, including the Panhandle district and Grant, Mineral, and Tucker Counties. *c* Includes Arizona, California, Idaho, Nevada, and Oregon. *d* Data for Pennsylvania anthracite from published records of the Bureau of Mines. *e* Average weekly rate for entire month. *f* Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." *Less than 1,000 tons.

Changes In Holdings Of Reacquired Stock Of N. Y. Stock & Curb Listed Firms

The monthly compilation of companies listed on the New York Stock Exchange reporting changes in their holdings of reacquired stock was made available on Feb. 17. Following is the tabulation issued by the Stock Exchange:

Company and Class of Stock—	Shares Previously Reported	Shares Per Latest Report	
Allegheny Ludlum Steel Corp., common	3,312	1,321	
Allied Stores Corp., 5% preferred	103	1,703	
American Chicle Co., common	3,575	4,375	
American-Hawaiian Steamship Co., common	66,200	67,700	
American Hide & Leather Co., 6% preferred	4,700	5,300	
American Ice Co., 6% preferred	23,965	24,065	
Armour & Co. (Del.) 7% preferred	1,154	1,055	
Associates Investment Co., Common	12,029	14,861	
5% cumulative preferred	1,815	2,816	
Atlas Corp., common	252,638	259,682	
6% preferred	11,912	1,008	(1)
Barker Bros. 5½% cumulative preferred	239	1,532	
Belding Heminway Co., common	48,432	54,032	
Borden Co. (The), capital	21,254	22,254	
Bucyrus-Erie Co., 7% preferred	10,797	10,907	
Century Ribbon Mills, Inc., 7% preferred	30	70	
Chicago Yellow Cab Co., Inc., capital	5,722	6,472	
Coca-Cola Co. (The), common	------	2,000	
Copperweld Steel Co., cum. conv. pref. 5% series	2,000	2,700	
Coty, Inc., common	63,529	63,729	
Cuban-American Sugar Co. (The), 5½% conv. pref.	12,888	13,088	
7% cumulative preferred	6,163	6,283	
Davega Stores Corp., common	8,650	8,850	
5% cumulative convertible preferred	------	300	
Detroit Edison Co. (The), common	11,482	11,017	
Food Machinery Corp., common	2,248	------	(2)
Firestone Tire & Rubber Co. (The), common	316,474	316,614	
6% cumulative series A	16,266	18,766	
Fruehauf Trailer Co., 5% convertible preferred	3,513	3,653	
Gaylord Container Corp., 5½% cum. conv. pref.	------	------	(3)
General Motors Corp., common	196,221	211,740	
General Realty & Utilties Corp., $6 preferred	4,066	------	(2)
General Shoe Corp., common	3,558	3,550	
Gillette Safety Razor Co., $5 conv. pref.	2,173	2,249	(4)
Glidden Co. (The), common	8,447	8,847	
Goodyear Tire & Rubber Co. (The), $5 cum. conv. pref.	11,865	12,665	
Gotham Silk Hosiery Co., Inc., 7% cum. pfd. stock	------	------	(5)
Greyhound Corp. (The), 5½% conv. preference	4,532	4,534	
Hat Corp. of America, 6½% preferred	995	1,055	
Household Finance Corp., common	6,982	7,097	
Insuranshares Certificates Inc., common	6,800	------	(6)
Jewel Tea Co., Inc., common	4,194	4,174	
Jones & Laughlin Steel Corp., common	59,535	59,941	
5% preferred "A"	23,814	23,976	
5% preferred "B"	23,814	23,976	
Macy (R. H.) & Co., Inc., common	4,503	4,317	
Madison Square Garden Corp., capital	15,025	17,894	(7)
Maytag Co. (The), $3 cumulative preferred	2,114	2,200	
National Department Stores Corp., 6% preferred	68,201	69,101	
National Steel Corp., common	11,055	7,005	
Norfolk & Western Railway Co., adjusted 4% preferred	3,103	3,113	
Pacific Finance Corp., common	22,901	23,101	
Plymouth Oil Co., common	3,100	4,600	
Real Silk Hosiery Mills, Inc., 7% cum. pfd.	4,858	5,218	
Reo Motors, Inc., v.t.c. for capital	200,000	50,000	(8)
Servel Inc., common	12,635	67,135	
Sheaffer (W. A.) Pen Co., common	3,580	3,986	
Socony-Vacuum Oil Co., capital	530,111	530,129	
Swift & Co., capital	78,192	78,159	
Transamerica Corp., capital	1,047,300	1,048,300	
United States Leather Co. (The), prior preference	16,100	16,200	
Vick Chemical Co., capital	18,800	18,900	
White (S. S.) Dental Manufacturing Co. (The), capital	1,122	1,176	

NOTES

(1) 11,912 shares retired; 1,008 shares acquired.
(2) Retired.

(3) 1,300 shares acquired and retired.
(4) 76 additional shares acquired as result of request for tenders.
(5) 1,118 shares acquired and retired.
(6) 15,100 shares acquired; 21,900 shares cancelled.
(7) 2,869 shares acquired as result of request for tenders.
(8) Results from 1 for 4 split-down of underlying stock.

The New York Curb Exchange issued on Feb. 16 the following list of issuers of fully listed securities which have reported changes in their holdings of reacquired stock:

Name—	Shares Previously Reported	Shares Per Latest Report
American General Corp., $2.00 div. ser. pfd.	8,206	8,406
Common	353,913	355,326
Crown Central Petroleum Corp., common	565	566
Dejay Stores, Inc., common	7,786	7,986
Dennison Manufacturing Co., prior preferred	5,272	5,326
"A" common	10,539	10,584
Detroit Gasket & Mfg. Co., 6% preferred	12,816	13,116
Equity Corp., $3.00 convertible preferred	46,873	48,073
Gellman Manufacturing Co., common	4,450	5,350
Kleinert (I. B.) Rubber Co., common	26,835	27,078
Lane Bryant, Inc., 7% preferred	552	562
Louisiana Land & Exploration Co., capital	35,048	37,248
Merritt-Chapman & Scott Corp., 6½% "A" preferred	1,993	2,368
Navarro Oil Co., common	14,786	14,746
New Process Co., common	192	292
New York Merchandise Co., Inc., common	51,847	52,647
Niagara Share Corp. of Maryland "A" preferred	3,971	4,220
Niagara Share Corp. of Maryland "B" common	127,981	128,481
North Central Texas Oil Co., Inc., common	31,000	32,000
Pacific Can Co., common	73,189	None
Roosevelt Field, Inc., capital	61,300	60,400
Selected Industries, Inc., $5.50 div. prior stock	None	800
Sterchi Bros. Stores, Inc., 6% 1st preferred	305	474
5% 2nd preferred	337	437
Sunray Oil Corp., 5½% convertible preferred	2,090	2,740
United Chemicals, Inc., $3.00 participating preferred	922	942
United Cigar-Whelan Stores Corp., common	12,114	12,119
Utility Equities Corp., $5.50 div. prior stock	7,815	8,190

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country usually a government department." The commodities involved include "a comprehensive list of several groups, including grains livestock and livestock products, miscellaneous foods (coffee, cocoa tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Feb. 23 as follows:

(August, 1939=100)

	Argentina	*Australia*	*Canada*	*England*	*Java*	*Mexico*	*New Zeal'd*	*Sweden*	*Switzerland*	*United States*
1941—										
January	114	127	126	150	†120	111	119	144	†172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	†152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	†135	†121	†141	†156	†136	†125	†122	†155	194	†136
August	138	121	†142	157	138	127	123	156	196	138
September	†140	122	145	†157	138	†130	†123	156	203	143
October	140	123	143	†158	139	132	126	156	207	†140
November	†142	124	143	158	141	133	124	157	209	141
December	†143	122	†144	†159	---	†139	123	157	---	145
1942—										
January	144	123	146	160	---	140	123	157	---	151
1941—										
Weeks end.:										
Dec. 6	141	122	143	†159	*141	137	124	157	209	142
Dec. 13	†137	122	143	†160	---	139	123	157	*209	144
Dec. 20	†142	122	†143	†159	---	†139	123	157	---	†148
Dec. 27	†142	123	144	*160	---	139	123	157	---	147
1942—										
Jan. 3	142	123	144	160	---	140	123	157	---	148
Jan. 10	†143	123	†149	159	---	141	123	157	---	150
Jan. 17	†144	123	†150	160	---	140	124	157	---	151
Jan. 24	145	*123	147	*160	---	139	123	157	---	151
Jan. 31	145	124	†151	*161	---	139	124	157	---	†151
Feb. 7	146	†125	151	*159	---	139	124	157	---	150
Feb. 14	146	*125	151	*159	---	*139	123	157	---	151

* Preliminary. † Revised.

Bank Debits Up 5.7% From Last Year

Bank debits as reported by banks in leading centers for the week ended Feb. 18 aggregated $10,615,000,000. Total debits during the 13 weeks ended Feb. 18 amounted to $146,917,000,000, or 18% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 11% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 22%.

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

Federal Reserve District—	Week Ended Feb. 18, 1942	Week Ended Feb. 19, 1941	13 Weeks Ended Feb. 18, 1942	13 Weeks Ended Feb. 19, 1941
Boston	643	539	8.599	7.275
New York	3,974	3,996	57.576	51.503
Philadelphia	564	525	8.065	6 680
Cleveland	803	712	10.876	8.956
Richmond	466	384	5.920	4.845
Atlanta	396	330	5.057	4.037
Chicago	1,577	1,546	22.175	18.213
St. Louis	369	304	4.865	3.821
Minneapolis	197	171	2.756	2.112
Kansas City	360	315	4.677	3.691
Dallas	325	296	4 073	3,167
San Francisco	942	929	12.281	10.004
Total, 274 reporting centers	10.615	10.045	146.917	124.305
New York City*	3.607	3.604	52.473	47.141
140 other centers*	6,024	5,574	81.484	66 796
133 other reporting centers	984	867	12 960	10.368

*Included in the national series covering 141 centers, available beginning with 1919.

Federal Reserve January Business Indexes

The Board of Governors of the Federal Reserve System on Feb. 21 issued its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time the Board issues its customary summary of business conditions. The indexes for January, together with comparisons for a month and a year ago, are as follows:

BUSINESS INDEXES

1935-39 average = 100 for industrial production and freight-car loadings
1923-25 average = 100 for all other series

	Adjusted for —Seasonal Variation— Jan. 1942	Dec. 1941	Jan. 1941	Without —Seasonal Adjustment— Jan. 1942	Dec. 1941	Jan. 1941
Industrial production—						
Total	†170	167	140	†165	163	135
Manufactures—						
Total	†177	174	144	†172	170	139
Durable	†220	214	171	†214	211	166
Nondurable	†143	141	123	†138	137	118
Minerals	†132	131	119	†126	125	113
Construction contracts, value—						
Total	†106	123	103	†86	98	84
Residential	†68	69	84	†56	59	70
All other	†137	167	117	†111	130	95
Factory employment—						
Total	*	134.9	118.3	*	134.3	115.5
Durable goods	*	144.4	121.1	*	144.3	118.3
Nondurable goods	*	125.9	115.6	*	124.7	112.7
Factory payrolls—						
Total	---	---	---	*	170.2	120.7
Durable goods	---	---	---	*	195.9	132.0
Nondurable goods	---	---	---	*	141.3	108.1
Freight-car loadings	140	137	122	129	128	113
Department store sales, value	138	111	101	108	197	79
Department store stocks, value	*	92	71	*	86	64

†Preliminary or estimated. *Data not yet available.

Note—Production, carloadings, and department store sales indexes based on daily averages. To convert durable manufactures, non-durable manufactures and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, non-durable by .469, and minerals by .152.

Construction contract indexes based on 3-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION

(1935-39 average = 100)

Manufactures—	Adjusted for —Seasonal Variation— Jan. 1942	Dec. 1941	Jan. 1941	Without —Seasonal Adjustment— Jan. 1942	Dec. 1941	Jan. 1941
Iron and steel	191	196	179	191	196	179
Pig iron	189	190	177	189	190	177
Steel	208	212	186	208	212	186
Open hearth & Bessemer	174	181	172	174	181	172
Electric	445	432	291	445	432	291
Machinery	†254	241	168	†254	241	168
Transportation equipment	†295	275	190	†295	275	193
Automobile factory sales	†87	85	144	†87	85	151
Non-ferrous metals & products	†195	192	167	†194	192	166
Copper smelting	141	141	133	141	141	133
Zinc smelting	184	182	153	184	182	153
Copper deliveries	235	230	201	235	230	200
Zinc shipments	152	146	149	152	146	149
Tin consumption	*	171	119	*	165	114
Lumber and products	†144	138	137	†122	128	116
Lumber	†140	132	139	†112	113	113
Furniture	†151	149	132	†140	155	123
Stone, clay, & glass products	†166	166	154	†117	145	110
Polished plate glass	65	67	137	68	80	144
Textiles and products	†160	154	138	†160	154	138
Cotton consumption	169	155	144	169	155	144
Rayon deliveries	†180	178	156	†180	178	154
Wool textiles	*	176	136	*	176	136
Leather and products	†124	127	107	†121	115	104
Tanning	*	122	102	*	124	103
Cattle hide leathers	*	134	115	*	137	116
Calf and kip leathers	*	89	88	*	91	87
Goat and kid leathers	*	116	79	*	118	79
Shoes	†125	130	110	†120	109	106
Manufactured food products	†138	136	117	†123	129	104
Wheat flour	108	109	98	109	104	99
Meat packing	†147	142	114	†172	165	133
Other manufactured foods	†139	137	117	†122	131	103
Paper and products	*	155	129	*	146	126
Paperboard	175	186	138	168	166	132
Newsprint production	*	106	113	*	107	113
Printing and publishing	*	130	111	*	131	109
Newsprint consumption	104	115	103	99	117	98
Petroleum and coal products	*	138	122	*	137	120
Petroleum refining	*	135	117	*	134	115
Gasoline	*	139	117	*	136	113
Fuel oil	*	130	120	*	132	123
Lubricating oil	*	132	112	*	131	108
Kerosene	*	126	120	*	127	126
Beehive coke	†454	404	367	†454	404	367
Chemicals	†160	152	123	†159	153	122
Minerals—						
Fuels	†128	127	114	†131	129	117
Bituminous coal	†129	124	117	†144	138	130
Anthracite	†89	89	98	†104	94	114
Crude petroleum	†132	132	114	†129	129	111
Metals	†152	152	148	†96	101	95
Iron ore	†200	199	187	---	---	---
Copper	†159	155	148	†156	156	145
Lead	*	122	116	*	124	116

†Preliminary or estimated. *Data not yet available.

FREIGHT-CAR LOADINGS

(1935-39 average = 100)

Coal	119	111	109	136	125	124
Coke	153	167	145	184	182	174
Grain	142	124	102	125	113	90
Livestock	99	101	88	95	97	84
Forest products	156	145	138	140	129	124
Ore	186	246	180	46	69	45
Miscellaneous	152	149	130	134	138	115
Merchandise, l.c.l.	97	100	99	93	96	94

Note—To convert coal and miscellaneous indexes to points in total index, multiply coal by .213 and miscellaneous by .548.

Auction Sales

Transacted at R. L. Day & Co., Boston on Wednesday, Feb. 11:

Shares	STOCKS	$ per Share
3	Atlantic Ice Manufacturing Co., common	25c lot
20	Springfield Mortgage Co. (par $100)	55c
	BOND	
$13,500	Eastern States Exposition 4s, 1963	$15 lot

Transacted by R. L. Day & Co., Boston on Wednesday Feb. 18:

Shares	STOCKS	$ per Share
100	National Shawmut Bank, Boston (par $12½)	18⅛
23	Thompson's Spa, preferred	2½
3	Columbian National Life Insurance Co. (par $100)	60¼
	BOND	
$160	Federal Coal Co., Inc., debenture 5s, Dec. 1, 1969, with 16 shares stock trust certificates	$12½ flat

Lumber Movement—Week Ended Feb. 14, 1942

Lumber production during the week ended Feb. 14, 1942, was 0.2% less than the previous week, shipments were 4% greater, new business 4% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 14% above production; new orders 10% above production. Compared with the corresponding week of 1941, production was 3% less, shipments, 7% greater, and new business 3% less. The industry stood at 156% of the average of production in the corresponding week of 1935-39 and 154% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first six weeks of 1942 was 5% below corresponding weeks of 1941; shipments were 1% below the shipments, and new orders 7% above the orders of the 1941 period. For the six weeks of 1942, new business was 27% above production, and shipments were 12% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 46% on Feb. 14, 1942, compared with 34% a year ago. Unfilled orders were 26% greater than a year ago; gross stocks were 8% less.

Softwoods and Hardwoods

Records for the current week ended Feb. 14, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	457	457	472
Production	224,858	231,217	225,330
Shipments	256,126	239,037	246,931
Orders	247,582	255,224	258,246

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	378		94	
Production	212,799—	100%	12,059—	100%
Shipments	243,081	114	13,045	108
Orders	237,443	112	10,139	34

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 24 a summary for the week ended Feb. 14, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Feb. 14—	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	10,968
Number of shares	280,190
Dollar value	10,110,449
Odd-lot Purchases by Dealers: (Customers' Sales)	
Number of Orders—	
Customers' short sales	334
Customers' other sales a	10,885
Customers total sales	11,219
Number of Shares—	
Customers' short sales	8,193
Customers' other sales a	263,694
Customers' total sales	271,887
Dollar value	8,968,739
Round-lot Sales by Dealers:	
Number of Shares:	
Short sales	100
Other sales b	56,350
Total sales	56,450
Round-lot Purchases by Dealers:	
Number of shares	87,560

a Sales marked "short exempt" are reported with "other sales." b Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

War Demand In Steel Trade In Great Volume—Further Expansion Being Considered

War requirements for steel are now estimated at more than 43 million tons of ingots for the current year—a figure showing the extraordinary effort U. S. industry is putting forth in the war against the Axis nations, states "The Iron Age" in its issue today (Feb. 26), further adding:

This great volume of steel will be earmarked for such direct war needs as the shipbuilding and railroads industries, the shell steel and tank manufacturers and for lend-lease. Indirect war needs will take additional large tonnages but it is the big tonnage required for the foregoing five major groups that will brush aside much other demand for this metal.

Regardless of how successfully Government control of steel distribution is applied through the priority system, it appears likely that certain "indirect" war requirements must suffer along with some "essential" civilian requirements to provide the steel needed for the maximum war effort. Already many steel mills are scheduled months ahead on steel orders carrying ratings of A-1-j or better with some units unable to promise delivery on anything less than A-1-a for weeks to come.

With such great pressure for steel, no step can be overlooked which will add to supplies. Automobile and automobile body manufacturers have been advised by telegram by the War Production Board Director of Industry Operations not to make shipments from their steel stocks except on orders bearing specified high preference ratings.

In a similar order, accompanying a general tightening up of the entire priority system as applied to metals, steel manufacturers supplying the petroleum industry have been ordered by the WPB not to ship oil country casing., tubing or drill pipe on or after March 14, or to ship line pipe on or after March 7 except on orders bearing a rating of A-9 or higher. The purpose of the order is to prevent shipments of steel on unrated orders, and insure that the limitations applying to the petroleum industry are observed.

Steel production continues at the record level of a week ago with the rate at 95.5% of capacity. The Pittsburgh rate is unchanged this week at 97%, while Chicago declined to 101%. Youngstown rose a point to 96%, while Cleveland dropped to 94% from last week's revised rate of 96%. Philadelphia remained unchanged at 91% and Buffalo at 90%. Wheeling is down three points to 91%, while Birmingham is unchanged at 99%. Detroit dropped seven points to 94% while Southern Ohio River is up a point to 99%.

Whether these high rates of ingot production can be maintained indefinitely without losses due to strikes is a question that is bound to reoccur to industrial observers despite President Roosevelt's emphasized warning in his Feb. 23 address to the nation that no "interruptions" must stop the flow of industrial production for defense. Again the National War Labor Board is face to face with the demand for the closed shop and dues checkoff. Should the War Labor Board grant the demand of the SWOC for a steel wage increase and for the closed shop it would set a precedent to cover not only the steel industry but industry generally. For the time being interest in what the board's decision will be on the closed shop is great enough to overshadow the important question of higher steel wages and their effect on inflation.

While the production drive must necessarily be concentrated on existing plants, since the U. S. is faced with a definite shortage of time, important new plants still are being considered. Plans are being studied, for example, for a large new bomber plant in Ohio to have some 2,000,000 square feet of floor space and employ more than 20,000 persons. A toluene plant producing as much as the entire U. S. output in the First World War is to be built in Indiana. It will be completed well within the period in which the nation still "has time" to defend itself.

Structural steel awards last week are estimated at 25,810 tons, compared with 22,900 tons a week earlier while pending projects are at 32,360 tons, against 18,100 tons. Reinforcing steel awards of 15,000 tons were less than half last week's total of 36,000 tons, while new jobs dropped to 3,515 tons from 10,000 tons last week.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Feb. 24, 1942, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.		2.30467c.	
1940	2.30467c.	Jan. 2	2.24107c.	Apr. 16
1939	2.35367c.	Jan. 3	2.26689c.	May 16
1938	2.58414c.	Jan. 4	2.27207c.	Oct. 18
1937	2.58414c.	Mar. 9	2.32263c.	Jan. 4
1936	2.32263c.	Dec. 28	2.05200c.	Mar. 10
1935	2.07642c.	Oct. 1	2.06492c.	Jan. 8
1934	2.15367c.	Apr. 24	1.95757c.	Jan. 2
1933	1.95578c.	Oct. 3	1.75836c.	May 2
1932	1.89196c.	Jul. 5	1.83901c.	Mar. 1
1931	1.99629c.	Jan. 13	1.86586c.	Dec. 29
1930	2.25488c.	Jan. 7	1.97319c.	Dec. 9
1929	2.31773c.	May 28	2.26498c.	Oct. 29

Pig Iron

Feb. 24, 1942, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	23.45

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar. 20	$23.45	Jan. 2
1940	$23.45	Dec. 23	$22.61	Jan. 2
1939	22.61	Sep. 19	20.61	Sep. 12
1938	23.25	Jun. 21	19.61	Jul. 6
1937	23.25	Mar. 9	20.25	Feb. 16
1936	19.74	Nov. 24	18.73	Aug. 11
1935	18.84	Nov. 5	17.83	May 14
1934	17.90	May 1	16.90	Jan. 27
1933	16.90	Dec. 5	13.56	Jan. 3
1932	14.81	Jan. 5	13.56	Dec. 6
1931	15.90	Jan. 6	14.79	Dec. 15
1930	18.21	Jan. 7	15.90	Dec. 16
1929	18.71	May 14	18.21	Dec. 17

Steel Scrap

Feb. 24, 1942, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.08

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan. 7	$19.17	Apr. 10
1940	21.83	Dec. 30	16.04	Apr. 9
1939	22.50	Oct. 3	14.08	May 16
1938	15.00	Nov. 22	11.00	Jun. 7
1937	21.92	Mar. 30	12.92	Nov. 10
1936	17.75	Dec. 21	12.67	Jun. 9
1935	13.42	Dec. 10	10.33	Apr. 29
1934	13.00	Mar. 13	9.50	Sep. 25
1933	12.25	Aug. 8	6.75	Jan. 3
1932	8.50	Jan. 12	6.43	Jul. 5
1931	11.33	Jan. 6	8.50	Dec. 29
1930	15.00	Feb. 18	11.25	Dec. 9
1929	17.58	Jan. 29	14.08	Dec. 3

The American Iron and Steel Institute on Feb. 23 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 96.3% of capacity for the week beginning Feb. 23, compared with 96.2% one week ago, 94.6% one month ago and 96.3% one year ago. This represents an increase of 0.1 point or 0.1% from the preceding week. The operating rate for the week beginning Feb. 23 is equivalent to 1,635,800 tons of steel ingots and castings, compared to 1,634,100 tons one week ago, 1,607,600 tons one month ago, and 1,554,200 tons one year ago. Weekly indicated rates of steel operations since Feb. 3, 1941, follow:

1941—	
Feb 3	96.9%
Feb 10	97.1%
Feb 17	94.6%
Feb 24	96.3%
Mar 3	97.5%
Mar 10	98.8%
Mar 17	99.4%
Mar 24	99.8%
Mar 31	99.2%
Apr 7	99.3%
Apr 14	98.3%
Apr 21	96.0%
Apr 28	94.3%
May 5	96.8%
May 12	99.2%
May 19	99.9%
May 26	98.6%
Jun 2	99.2%
Jun 9	98.6%
Jun 16	99.0%
Jun 23	99.9%
Jun 30	91.8%
Jly 7	94.9%
Jly 14	95.2%
Jly 21	96.0%
Jly 28	97.6%
Aug 4	96.3%
Aug 11	95.6%
Aug 18	96.2%
Aug 25	96.5%
Sep 2	96.3%
Sep 8	96.9%
Sep 15	96.1%
Sep 22	96.8%
Sep 29	96.9%
Oct 6	98.1%
Oct 13	98.4%
Oct 20	97.8%
Oct 27	99.9%
Nov 3	98.2%
Nov 10	96.6%
Nov 17	97.0%
Nov 24	95.9%
Dec 1	97.6%
Dec 8	97.5%
Dec 15	97.9%
Dec 22	93.4%
Dec 29	96.1%
1942—	
Jan 5	93.8%
Jan 12	95.1%
Jan 19	95.0%
Jan 26	94.6%
Feb 2	95.0%
Feb 9	95.5%
Feb 16	96.2%
Feb 23	96.3%

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 23 stated:

Increasing pressure for war steel is evidenced in the preponderance of tonnage on mill books bearing highest preference numbers. So great is proportion of this demand that deliveries below A priority have practically ceased and some producers are unable to provide tonnage for lower A ratings. In some instances delivery on A-1 classifications are much extended.

This situation results in tighter regulation on products subject to broad allocation, such as has been placed on plates, and increased allocations of various products involved in particular projects and programs. As the picture develops and more manufacturers are engaged in war production necessity arises for closer control, involving more forms of steel, to avoid delays arising from lack of material to complete assemblies well under way. It is believed the War Production Board will proceed with complete allocation programs for other forms of steel after the plate situation has been clarified.

Pig iron distribution has been worked out satisfactorily to most interests but choke point is feared when some large users, who have been working entirely on inventory, exhaust their supplies and begin to request allocation. These melters have not been a factor in distribution since allocations started but their reserves are nearing exhaustion and they will need monthly supplies.

Unprecedented demand for steel plates caused the War Production Board to take its action to tighten regulation of production and shipments to assure filling of all military requirements, including the Navy and Maritime Commission. Only orders bearing A-10 priority or better, or specifically allocated, may be scheduled or delivered. Both producers and consumers must file forms covering requirements, consumption and other factors for the following month.

Production of steel ingots last week was 96% of capacity, 1 point lower than the preceding week, based on revised capacity figures of the American Iron and Steel Institute, as of Dec. 31, 1941. Chicago gained 1½ points to 104%, only ½-point under its all-time record. Cleveland rose 3 points to 94, Birmingham 5 points to 95, Cincinnati 4 points to 88 and Detroit 1 point to 92. Pittsburgh declined 1½ points to 95%, Wheeling 2½ points to 88, St. Louis 5½ points to 72½ and Youngstown 2 points to 87. Rates were unchanged in Eastern Pennsylvania, at 90; Buffalo, 79½ and New England, 100.

Railroads in February have bought about 7,000 freight cars, with another week to go, which will give the largest number for any month since June, 1921. As of Feb. 1 railroads had more freight cars on order than ever before at the corresponding date. Orders totaled 68,070, compared with 41,600 on the same date last year. Locomotives on order Feb. 1 totaled 543 and since that time the New York Central has placed 57, in addition to a number of small lots by other carriers.

More determined efforts are under way to loosen scrap tonnages from automobile wrecking yards. Initiative is placed in hands of scrap dealers, who are charged with the duty of making bids on the accumulations. If the bid is accepted the wrecker has the option of reserving such parts as may be used for repairs, the remainder being prepared and moved by the dealer. If the bid is refused a government agent may make an inspection to determine the justice of the bid. In case the wrecker refuses to sell the material may be commandeered and placed in the hands of dealers, the owner being paid according to the price for which it is sold to the consumer. This plan already is bearing fruit and a large tonnage is expected to follow soon.

War Production Board is exploring the possibility of placing all scrap supplies on a broad allocation basis, similar to that in force for several months on pig iron and now being applied on plates. Difficulties inherent in controlling flow of scrap through the yards of several thousand dealers are recognized and a formula is being sought to bring them under control.

A revision of price regulations on steel warehouse sales has been announced, releasing small dealers from compliance. Sales by retail dealers of 25 kegs or less of nails or 2,500 pounds or less of wire products need not be priced under the ceiling rules. Former requirement that sellers doing $50,000 annual business must file prices with OPA has been liberalized by making the volume $100,000 annually.

Lake Superior iron ore consumption in January totaled 7,158,423 gross tons, compared with 7,061,981 tons in December, with 178 blast furnaces in production Feb. 1, compared with 176 a month earlier. Ore on hand at furnaces and Lake Erie docks Feb. 1 was 33,919,063 tons, against 29,794,047 tons at the same date a year ago.

Composite prices, based on ceilings imposed by OPA, continue at the recent level, finished steel $56.73, semi-finished steel $36.00, steelmaking pig iron $23.05 and steelmaking scrap $19.17.

London Economist Advocates Inflation Here

Avers Alternative Deflation Or Reduction Of Public Expenditures Greater Than In Great Britain

We reprint the following from Carlton A. Shively's column in the N. Y. Sun last week:

Inflation Necessary

An article in the London "Economist" discusses the American outlook for financing the war. Noting that our war expenditures of about eighteen billions were to be stepped up to fifty-six billions, the "Economist" raises the question as to how the additional thirty-eight billions is to be secured. Allowing for a slight rise in prices, as contained in the President's estimate, the article suggests a national income ceiling of one hundred and ten billions. Increased production then would account for fifteen billions of the extra amount needed.

A maximum draft on capital might yield ten billions, the article continues, although five billions seems more likely as a maximum. In that case the balance of eighteen billions would have to be obtained through a reduction in the public's expenditures—that is, deflation—"a somewhat stiffer dose than has in fact been imposed in Great Britain."

"Without in the least impugning the patriotic resolution of the American people," the article continues, "it may be doubted whether they will, in fact, impose on themselves an even sharper restriction of consumption than the British people have. One reason for this is the greater difficulty, within the constitutional and geographical framework of the United States, of setting up really effective controls of consumption. A much more important reason is that the British people were compelled to make an economic virtue of physical necessity.

Must Have Higher Prices

"If it had not been for the shortage of shipping, which made it necessary to begin restriction with the common necessaries of life, it is doubtful indeed whether the political resolution would ever have been found to restrict these basic commodities, which absorb so large a part of the community's expenditure. The argument, therefore, concludes with alternative explanations of the President's figures.

"Either they will not, in fact, be obtained, or else they will be reached only with the assistance of a considerably larger rise in prices than has been allowed for in these estimates. If, for example, there is, say a 15% rise in the general price-level between now and the average of the fiscal year 1942-43, then national income might well rise to 125 billions and war expenditure of fifty-six billions could be accommodated with only a comparatively slight reduction of consumption."

Jap Banks In Hawaii Are Ordered Liquidated

Under date of Feb. 18 a wireless message from Honolulu to the New York "Times" said:

Three large Japanese banks in Honolulu, with assets of $12,000,000 have been ordered liquidated by the United States Treasury Department, in instructions to Gov. Joseph B. Poindexter.

Roger E. Brooks is expected to arrive soon to supervise their liquidation, as representative of the Controller General.

The depositors, mostly Japanese, may file claims and their funds will be transferred to American-owned banks.

The three institutions are the branch of the Yokohama Specie Bank, owned entirely by interests in Japan, and the Sumitomo and Pacific banks, owned locally but with stockholders predominantly alien Japanese.

Chains Continue Expansion

Chain store sales in January showed continued seasonal expansion, according to "Chain Store Age."

As measured by the index published monthly by that publication, business in January advanced to a level of 164 relative to 1929-1931 average as 100, from 157 in December. The January 1941 index was 124.

The index figures by trade groups were as follows:

	Jan., 1942	Dec., 1941	Jan., 1941
Variety	164	160	126
Apparel	188	178	133
Shoe	223	185	155
Drug	177	177	154
Grocery	160	147	116

Revenue Freight Car Loadings During Week Ended Feb. 14, 1942 Amounted To 782,699 Cars

Loading of revenue freight for the week ended Feb. 14, totaled 782,699 cars, the Association of American Railroads announced on Feb. 19. The increase above the corresponding week in 1941 was 61,523 cars or 8.5% and above the same week in 1940 was 174,462 cars or 28.7%.

Loading of revenue freight for the week of Feb. 14 decreased 1,361 cars or 0.2% below the preceding week.

Miscellaneous freight loading totaled 351,892 cars, a decrease of 1,055 cars below the preceding week, but an increase of 43,735 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 151,515 cars, a decrease of 203 cars below the preceding week, and a decrease of 1,534 cars below the corresponding week in 1941.

Coal loading amounted to 154,718 cars, an increase of 1,671 cars above the preceding week, and an increase of 1,810 cars above the corresponding week in 1941.

Grain and grain products loading totaled 38,745 cars, a decrease of 2,570 cars below the preceding week, but an increase of 9,448 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Feb. 14 totaled 25,252 cars, a decrease of 2,614 cars below the preceding week, but an increase of 7,320 cars above the corresponding week in 1941.

Live stock loading amounted to 11,197 cars, an increase of 783 cars above the preceding week, and an increase of 477 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of Feb. 14 totaled 8,099 cars, an increase of 495 cars above the preceding week, and an increase of 445 cars above the corresponding week in 1941.

Forest products loading totaled 47,603 cars, an increase of 457 cars above the preceding week, and an increase of 8,275 cars above the corresponding week in 1941.

Ore loading amounted to 12,920 cars, a decrease of 485 cars below the preceding week, and a decrease of 558 cars below the corresponding week in 1941.

Coke loading amounted to 14,109 cars, an increase of 41 cars above the preceding week, but a decrease of 130 cars below the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Pocahontas and all districts reported increases over 1940.

	1942	1941	1940
5 Weeks of January	3,858,273	3,454,409	3,215,565
Week of Feb. 7	784,060	710,196	627,429
Week of Feb. 14	782,699	721,176	608,237
Total	5,425,032	4,885,781	4,451,231

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 14, 1942. During this period 98 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED FEB. 14

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	661	525	595	1,630	1,510
Bangor & Aroostook	1,959	1,939	1,539	220	193
Boston & Maine	8,229	7,838	6,368	13,768	12,233
Chicago, Indianapolis & Louisville	1,393	1,201	1,475	2,300	2,263
Central Indiana	25	16	22	66	54
Central Vermont	1,342	1,200	1,113	2,085	2,187
Delaware & Hudson	6,609	6,608	4,207	11,102	8,828
Delaware, Lackawanna & Western	8,923	9,740	7,391	9,329	8,137
Detroit & Mackinac	277	223	218	152	115
Detroit, Toledo & Ironton	2,293	3,283	2,530	1,875	1,936
Detroit & Toledo Shore Line	307	389	249	3,786	4,196
Erie	14,222	13,441	10,448	16,050	13,996
Grand Trunk Western	4,508	5,650	4,470	8,418	9,266
Lehigh & Hudson River	208	135	153	4,108	2,386
Lehigh & New England	1,702	1,747	1,238	1,670	1,443
Lehigh Valley	8,737	8,898	6,862	9,762	8,291
Maine Central	3,496	3,573	3,048	3,602	3,273
Monongahela	6,079	5,033	4,109	425	294
Montour	1,799	2,095	1,498	33	19
New York Central Lines	45,518	45,050	36,795	51,078	46,042
N. Y., N. H. & Hartford	12,592	10,892	7,864	17,579	13,644
New York, Ontario & Western	1,075	1,121	782	2,175	1,865
N. Y., Chicago & St. Louis	7,132	5,499	5,171	14,369	12,710
N. Y., Susquehanna & Western	530	407	336	1,330	1,787
Pittsburgh & Lake Erie	7,816	7,732	5,474	7,175	7,086
Pere Marquette	5,345	6,275	5,772	6,378	6,497
Pittsburgh & Shawmut	550	603	488	38	18
Pittsburgh, Shawmut & North	391	441	420	281	332
Pittsburgh & West Virginia	662	929	872	2,091	2,045
Rutland	491	536	542	1,120	1,121
Wabash	5,722	5,778	5,271	11,306	10,780
Wheeling & Lake Erie	4,543	4,473	3,301	4,180	3,837
Total	165,136	163,270	130,621	209,481	188,384
Allegheny District—					
Akron, Canton & Youngstown	734	541	419	1,081	1,091
Baltimore & Ohio	39,253	34,701	27,437	22,864	19,277
Bessemer & Lake Erie	3,153	3,220	2,295	1,440	1,678
Buffalo Creek & Gauley	303	279	329	5	5
Cambria & Indiana	1,964	1,972	1,442	15	7
Central R.R. of New Jersey	7,583	7,263	5,379	17,705	13,323
Cornwall	619	622	554	89	59
Cumberland & Pennsylvania	321	327	300	11	33
Ligonier Valley	119	184	177	50	61
Long Island	873	718	488	3,469	2,857
Penn-Reading Seashore Lines	1,769	1,345	945	2,016	1,556
Pennsylvania System	77,762	70,734	54,521	57,932	45,860
Reading Co.	16,141	16,005	11,628	25,803	19,756
Union (Pittsburgh)	20,126	20,098	14,626	3,559	3,522
Western Maryland	3,987	3,871	3,180	10,615	7,684
Total	174,707	161,880	123,700	146,654	116,769
Pocahontas District—					
Chesapeake & Ohio	23,566	23,673	22,502	10,190	10,046
Norfolk & Western	20,920	22,203	18,843	6,180	5,789
Virginian	3,953	4,602	4,456	1,987	1,429
Total	48,439	50,478	45,801	18,357	17,264
Southern District—					
Alabama, Tennessee & Northern	395	239	219	318	166
Atl. & W. P.—W. R.R. of Ala.	921	780	726	2,142	1,761
Atlanta, Birmingham & Coast	830	692	541	1,123	1,109
Atlantic Coast Line	13,072	10,846	9,366	8,538	6,839
Central of Georgia	4,499	4,438	3,779	3,906	3,825
Charleston & Western Carolina	423	432	401	1,684	1,797
Clinchfield	1,605	1,603	1,261	2,846	2,898
Columbus & Greenville	262	271	268	279	369
Durham & Southern	189	165	152	544	597
Florida East Coast	1,467	918	798	1,214	1,104
Gainsville Midland	37	35	29	105	99
Georgia	1,514	1,172	836	2,294	1,839
Georgia & Florida	406	341	259	662	590
Gulf, Mobile & Ohio	4,448	3,684	3,172	3,713	2,999
Illinois Central System	28,913	22,415	20,603	14,720	13,023
Louisville & Nashville	24,711	23,543	21,828	8,542	7,103
Macon, Dublin & Savannah	204	175	142	744	1,117
Mississippi Central	138	163	138	482	395
Nashville, Chattanooga & St. L.	3,364	3,137	2,466	3,613	3,273
Norfolk Southern	1,201	1,127	1,043	1,408	1,129
Piedmont Northern	526	420	381	1,598	1,516
Richmond Fred. & Potomac	445	403	304	8,983	5,677
Seaboard Air Line	10,745	10,395	8,756	7,572	6,285
Southern System	24,695	23,980	19,958	21,986	18,085
Tennessee Central	558	496	369	728	779
Winston-Salem Southbound	147	143	142	850	846
Total	125,715	112,013	97,937	100,594	85,220
Northwestern District—					
Chicago & North Western	18,152	15,410	14,073	13,560	11,406
Chicago Great Western	2,819	2,337	2,271	3,069	2,897
Chicago, Milw., St. P. & Pac.	21,686	20,146	17,916	9,497	8,650
Chicago, St. Paul, Minn. & Omaha*	4,512	3,963	3,394	3,894	3,581
Duluth, Missabe & Iron Range	1,157	910	836	469	192
Duluth, South Shore & Atlantic	774	624	488	572	404
Elgin, Joliet & Eastern	10,027	8,444	6,921	10,655	9,284
Ft. Dodge, Des Moines & South	492	412	377	149	142
Great Northern	11,308	9,482	8,545	4,578	3,143
Green Bay & Western	540	501	495	786	665
Lake Superior & Ishpeming	371	248	254	62	73
Minneapolis & St. Louis	2,189	1,604	1,546	2,328	2,195
Minn., St. Paul & S. S. M.	5,693	4,955	4,629	3,340	2,745
Northern Pacific	10,391	9,205	8,532	4,444	3,642
Spokane International	93	66	91	293	242
Spokane, Portland & Seattle	2,693	2,011	1,601	2,469	1,659
Total	92,897	80,318	71,968	60,165	50,920
Central Western District—					
Atch. Top. & Santa Fe System	20,877	17,945	16,436	8,680	7,175
Alton	3,300	3,202	2,490	3,239	2,465
Bingham & Garfield	529	367	410	105	107
Chicago, Burlington & Quincy	17,058	15,408	14,484	11,068	8,608
Chicago & Illinois Midland	3,055	2,543	1,779	799	813
Chicago, Rock Island & Pacific	11,784	10,886	9,761	11,324	10,053
Chicago & Eastern Illinois	3,006	2,644	2,767	3,003	2,925
Colorado & Southern	747	723	659	1,566	1,411
Denver & Rio Grande Western	2,651	2,534	2,547	4,411	2,813
Denver & Salt Lake	532	504	692	13	18
Fort Worth & Denver City	1,170	948	1,010	997	1,005
Illinois Terminal	2,068	1,759	1,942	1,552	1,617
Missouri-Illinois	1,159	753	761	708	468
Nevada Northern	1,988	1,921	1,815	143	120
North Western Pacific	957	576	505	480	423
Peoria & Pekin Union	10	25	9	0	0
Southern Pacific (Pacific)	27,252	22,997	20,119	8,678	5,958
Toledo, Peoria & Western	275	341	405	876	1,329
Union Pacific System	14,838	13,380	12,671	10,464	8,113
Utah	368	383	393	6	9
Western Pacific	2,119	1,484	1,146	3,673	1,841
Total	115,743	101,323	92,801	71,785	57,271
Southwestern District—					
Burlington-Rock Island	124	153	128	309	196
Gulf Coast Lines	4,466	3,152	3,299	2,825	1,431
International-Great Northern	2,388	1,520	1,478	2,670	2,254
Kansas, Oklahoma & Gulf	357	171	193	1,066	1,015
Kansas City Southern	3,464	2,319	1,912	2,522	2,230
Louisiana & Arkansas	2,621	2,075	1,891	2,295	1,734
Litchfield & Madison	325	377	367	1,138	1,091
Midland Valley	498	620	495	256	221
Missouri & Arkansas	229	139	129	512	335
Missouri-Kansas-Texas Lines	4,995	4,127	3,684	4,072	3,074
Missouri Pacific	16,618	15,233	12,640	13,916	10,099
Quanah Acme & Pacific	109	114	131	211	147
St. Louis-San Francisco	8,753	7,753	6,833	7,025	5,482
St. Louis Southwestern	3,407	2,614	2,251	4,440	3,245
Texas & New Orleans	7,514	7,481	6,473	4,714	3,580
Texas & Pacific	4,026	3,906	3,358	6,914	4,690
Wichita Falls & Southern	139	119	122	42	65
Weatherford M. W. & N. W.	29	21	25	36	212
Total	60,062	51,894	45,409	54,963	41,101

Note—Previous year's figures revised.

Advertising Coordinates For War Effort; Council Representing Industry Set Up

The facilities of national advertising have been coordinated and placed at the disposal of the government to help in the total war effort, according to a statement released by an organization comprised of representatives of major factors in the advertising industry. These sponsoring groups include:

The American Association of Advertising Agencies.

The Association of National Advertisers.

The American Newspaper Publishers Association.

The National (Magazine) Publishers Association.

The National Association of Broadcasters.

The Outdoor Advertising Association of America, and many other affiliated groups.

This organization, named The Advertising Council, will undertake to help the government utilize, for purposes of inspiring and instructing the public concerning various phases of the war effort, the talents, techniques and channels of advertising, which in normal times have proved they can help shape the thinking and action of the public. The advices from the Advertising Council state:

The Council has been in process of formation since last November, under the direction of a special committee presided over by by Chester J. La Roche, Chairman of the Board of Young & Rubicam, Inc., and Chairman of the Council. Frederic Gamble, Managing Director of the American Association of Advertising Agencies, is assistant to the Chairman, and Paul B. West, President of the Association of National Advertisers, is Secretary.

In the Council are representatives of advertising agencies, advertisers, retail advertising, industrial advertising, and media (newspapers, magazines, radio and outdoor advertising).

Cooperating in this effort to unleash all of advertising's power for the duration are 13 associations affiliated with the advertising industry, including typographers, independent broadcast station owners, advertising clubs, photo engravers, direct mail specialists, lithographers, trade papers, newspaper editors, and farm paper proprietors.

Dr. Miller McClintock, who has been closely associated with the advertising industry for several years and is well known as an administrator, will be Managing Director. Dr. McClintock aided in setting up the Advertising Research Foundation, which has been serving advertising interests for several years; he also aided in coordinating the far flung outdoor advertising facilities of the nation, eventually placing them in a position so they could be used far more scientifically by the nation's advertisers.

The Council has been set up purely as coordinating group, and will not itself do any creative work. Independent committees, composed of the nation's leading advertising men in creative, production and media fields, will work closely with the Council to help the various departments of the government make the most effective possible use of space or time made available to the government by various media and advertisers.

The Council already has formed a Radio Committee, to work with Radio Coordinator W. B. Lewis of the OFF; and a creative committee consisting very largely of the same group of advertising men who developed the outstandingly successful advertising used in last year's United Service Organization campaign.

Members of the Council have had several meetings in Washington with government officials, the most recent having been held on Feb. 5 with Donald Nelson, War Production Board head. On the same day, meetings were held also with the Office of Facts and Figures.

Offices of the Council will be maintained in Washington as well as in New York. The New York offices are located at 285 Madison Avenue.

Sales Price Of Wheat Up

The Commodity Credit Corporation announces the minimum price at which wheat will be offered under the general sales program will be increased one cent a bushel, effective during the period Feb. 16 to Feb. 28. The new price will be 17 cents above the applicable loan rate at terminal locations and 20 cents above the loan rate at country locations with premiums and discounts for quality as apply under the 1941 loan program. The present sales price of corn of 83 cents a bushel basis No. 2 Yellow in store in Chicago for February delivery will be continued.

Refunding Debs. Offered

An offering of $37,470,000 consolidated debentures of the Federal Intermediate Credit Banks was made Feb. 18 by Charles R. Dunn, New York, fiscal agent for the banks. The aggregate included $14,105,000 0.65% debentures due Sept. 1, 1942, $7,700,000 0.85% debentures due Dec. 1, 1942 and $15,665,000 0.90% debentures due March 1, 1943. All were dated March 2, 1942 and the offering price was par. Of the proceeds from the sale of the debentures $26,580,000 went to pay off maturing issues and $10,890,000 was new money. At the close of business March 2, 1942 the Banks will have a total of $278,175,000 debentures outstanding.

Foreign Front

(Continued from First Page)

people is for some specific information on military matters, President Roosevelt added nothing to the generally known circumstances relating to our part in the war. He promised to divulge the general trend of the conflict and to withhold only information that will help the enemy. And he asked for a full use of "discretion" by both supporters and critics of the Administration.

Much of the address was devoted to a simple geographical presentation of the vast scope of the war and the immense distances involved in the supply of other members of the United Nations. A brief lesson on types of aircraft also was included.

Mr. Roosevelt explained broadly the reason for the situation in which General Douglas MacArthur and his men find themselves on Bataan Peninsula in the Philipines. The strategy there always called for a defensive and delaying action, he said, in view of the ability of Japan to envelop the islands with her forces. This basic strategy remains unchanged, except that the defense by our forces has exceeded the preliminary estimates, he indicated. Together with the United Nations forces in China, Burma and the Netherlands East Indies, General MacArthur is making the Japanese pay an increasingly terrible price for their ambitious attempts to seize control of the whole Asiatic world, said Mr. Roosevelt.

Dealing with some of the war rumors afloat in the United States, Mr. Roosevelt denied specifically that all of our Pacific Fleet was sunk or destroyed on Dec. 7, and that more than 1,000 of our airplanes were destroyed on the ground. Scoring the exaggerated casualty accounts sometimes passed from mouth to mouth, the President insisted that officers and men killed in the Pearl Harbor attack numbered 2,340, and that the wounded numbered 946. He reiterated the official report that three of our combat ships were put permanently out of commission, and added that very many of our ships were not even in Pearl Harbor, and that others have rejoined the Fleet or are undergoing repairs.

Without revealing the number of our aircraft damaged or destroyed at Pearl Harbor, the President asserted that to date we have destroyed "considerably more" Japanese planes than they have destroyed of ours. We have suffered losses not only from the Japanese in the Pacific, but also from German submarines in the Atlantic, and we shall suffer more of them before the turn of the tide, Mr. Roosevelt remarked. We have been compelled to yield ground, the President added, but we will regain it.

The high production goals set in his address of Jan. 6 will be attained, said Mr. Roosevelt, who stipulated three high purposes for every American. These he listed as unstinting and ceaseless work, avoidance of special gains, privileges or advantages for any one group or occupation, and the sacrifice of conveniences and the modification of routine if the request is made.

"The United Nations," said the President, "constitute an association of independent peoples of equal dignity and importance. The United Nations are dedicated to a common cause. We share equally and with equal zeal the anguish and awful sacrifices of the war. In the partnership of our common enterprise we must share in a unified plan in which all of us must play our several parts, each of us being equally indispensable and dependent one on the other.

"We of the United Nations are agreed on certain broad principles in the kind of peace we seek. The Atlantic Charter applies not only to the parts of the world that border the Atlantic, but to the whole world; disarmament of aggressors, self-determination of nations and peoples, and the four freedoms — freedom of speech, freedom of religion, freedom from want and freedom from fear."

Ocean Warfare

There were numerous sidelights this week upon that struggle over communications and distant supply routes which President Roosevelt emphasized in his report to the nation last Monday. The shipping problem promises to be the bottleneck of all activities of the United Nations in coming months. Although shipyards in the United States are speeding production in many ways, the sinkings of naval and merchant vessels of the United Nations are deepening the immediate danger. British authorities, with their tradition of candor, are making the situation clear.

Prime Minister Winston Churchill informed the House of Commons, Tuesday, that British shipping losses not only have been heavy since the start of the war, but have increased seriously in the last two months. British naval forces detailed to the defense against enemy submarines have been strained to the utmost limits, Mr. Churchill remarked. In accordance with British practice, precise figures regarding shipping losses were withheld.

Apart from enemy sinkings of naval and merchant shipping, problems of naval control of the seas now are emerging in various theatres of warfare. In London the question is debated anxiously whether German and Japanese Fleets would be able to establish contact in the Indian Ocean, in the event of Axis victories in Egypt and the Far East. A foray by German naval units into the Atlantic also is foreseen as a possibility, owing to the unification of the Nazi Fleet as a consequence of "escape" from Brest of the battleships Scharnhorst and Gneisenau, and the cruiser Prince Eugen. Transfer of a number of major French Fleet units from Africa to Toulon is increasing the uncertainties, since such vessels might conceivably be added to the Axis forces.

In our own waters the first actual attack upon American soil must be recorded. An enemy submarine, presumably Japanese, sent a score or so of projectiles against a Pacific Coast refinery, Monday, just north of Santa Barbara, Calif. No casualties were reported and damage to the oil refinery was minor. American naval and aircraft redoubled their efforts to locate enemy vessels of the West Coast.

Developments on our Atlantic Coast suggested increasing boldness of the Nazis and the Italian Fascists, who presumably are operating the numerous submarines in Atlantic waters. The new American tanker, E. H. Blum, 11,615 tons, was wrecked by a series of explosions a week ago, with definite knowledge lacking as to whether the blasts were due to torpedoes or enemy mines. Two ships anchored off Port of Spain, Trinidad, were torpedoed at the same time, but apparently did not sink. The Brazilian steamship Olinda, 4,080 tons, was the next reported victim, with the enemy in this case reported to be an unidentifiable submarine whose crew spoke English, Spanish and Portuguese. The American tanker Pan-Massachusetts, 8,202 tons, and the Norwegian tanker Konsagaard, 9,467 tons, were reported sunk over the last week-end, and the armed U. S. freighter Delplata, 5,127 tons, went down early this week. The tanker Republic, 5,287 tons, was reported lost on Tuesday, when the Thalia, 8,329 tons, also was lost.

Nor were these the only losses recorded in a dismal week of world shipping activities. The Navy Department announced Tuesday the loss in a gale off Newfoundland of the U. S. destroyer Truxton, and the Navy cargo ship Pollux, the loss of life running to 189 in these disastrous wrecks. Both ships grounded and broke up rapidly under the pounding of heavy seas. The U. S. Coast Guard Cutter Alexander Hamilton, 2,216 tons, was reported Monday as torpedoed near Iceland with a "moderate" loss of life in the attack, but the ship sank afterward and no information was made available as to losses of personnel in the capsizing and sinking of the ship.

German radio reporters from time to time adverted to the sinkings off our Atlantic Coast, and invariably declared the losses of United Nations vessels to be two and three times the actual acknowledged sinkings. This, of course, is quite in line with the performance in the general Battle of the Atlantic, which occasioned claims of British and Allied ship losses far in excess of the actual. The situation, nevertheless, is not one that can be viewed with equanimity, especially when every ton of shipping is vital for our war effort. Some of the enemy submarines were reported definitely sunk in the Caribbean area, but in general the Navy policy of secrecy as to this phase of the operations remained in effect.

Asian Continent

Vast changes apparently impend on the Continent of Asia, as a consequence both of military developments and of the social ferment which is an inevitable accompaniment of wars. Japanese forces are continuing their advances in Burma, where the terminus of the supply line to China is endangered. But even greater significance may attach, in the long run, to an insistent renewal of Indian demands for freedom within the British Commonwealth of Nations. The British Government obviously is deeply preoccupied with the Indian problem.

The Chinese Generalissimo, Chiang Kai-shek, essayed a journey to India, last week, which is sensational to anyone acquainted with the form and customs of the Far East. Defying the traditions that keep a monarch or ruler at home, Chiang conferred at great length with leaders of the various Indian sects. He issued a statement, last Saturday, urging the Indians to exert themselves in the cause of freedom, and advising Britain to grant India without delay a measure of "real political power," so that Indian war preparations might be hastened. London reports made it clear that British leaders were far from pleased by this turn in the affairs of the Far East, for every effort had been made to delay consideration of the Indian question until after the war which currently is absorbing all British energies.

The series of recent Cabinet changes in London was studied carefuly, as a possible guide to British policy in India. The appointment of Sir Stafford Cripps, leader of a faction that favors greater concessions to India, seemed to promise a change. But retention in the Cabinet of L. S. Amery, who embodies the British Imperialist viewpoint, argued otherwise. Lord Cranborne, Colonial Secretary, presented the latest conclusions in the House of Lords, Tuesday, when he proposed greater freedom for India on the basis of whatever scheme the Indian leaders might themselves be able to formulate.

The British defense of Burma, meanwhile, proceeded from bad to worse, and the serious tidings from that front bode ill for the Burma Road supply route into China. Closing of the Burma Road was one of the main objectives of the Japanese southward drive, and nothing is to be gained by denying the obvious fact that the enemy has succeeded in this particular aim. This was recognized early in the week by Indian and Chinese leaders, who emphasized the construction of an alternative route some 400 miles north of the Burma Road, over the high passes of the Himalayas. The new road is not likely to be ready before the end of this year, however, and it is bitterly evident that China faces new trials in her long defense against Japan.

Inadequate British defense forces contested heroically, in recent action, the advance of Japanese troops from Moulmein and other points in Burma. With the fall of Singapore, however, great Japanese strength was liberated for fresh adventures in the campaign of aggression, and much of the manpower obviously was sent against Burma. Crossings of the Billin River defenses were forced, and even the Sittang River now is said to have been breeched as a defense line. Only a few miles west of the Sittang the railway runs northward to the southern terminus of the Burma Road, and Japanese artillery already have put the route out of action. Japanese warships, moreover, are in the Indian Ocean, and also have nullified the supply route for China.

Rangoon is the next great objective of the Japanese, and apparently is to fall to the invaders before long. British reports concede the evacuation of the great port, the fall of which will seal the fate of Burma for the time being. There is quite possibly in progress, on the other hand, a great concentration of British and American naval strength in the Indian Ocean, and if a major naval battle develops there the problem may depend upon the outcome.

Indonesia

Losing no time after the thundering fall of the British bastion of Singapore on Feb. 15, the Japanese forces rapidly have extended southward their area of attempted military conquest and domination. Although it is more than possible that the Japanese are extending themselves unduly, there is no definite sign, as yet, of exhaustion of manpower or even of the shipping facilities which are vital to the effort of the Far Eastern aggressors. In London and Washington, meanwhile, it is conceded that still more set-backs must be faced before the tide of battle turns.

The Japanese this week endeavored to pinch the principal Netherlands East Indian island of Java between forces advancing from Sumatra and from the relatively small island of Bali. All important posts on Sumatra admittedly fell to the enemy, in a series of violent and costly attacks. The Japanese speedily made their way through the jungle and early this week were reported on the Strait of Sunda, which separates the western tip of Java from the larger but more sparsely inhabited island of Sumatra by some 25 miles. The vast oil installations at Palembang, Sumatra, are said to have been destroyed by the retreating Netherlanders, but the rubber plantations presumably fell into the hands of the enemy intact.

When the Japanese attempted to occupy Bali, at the eastern end of Java, one of the great battles of the Pacific struggle developed. Against the invading Japanese much of the aerial and sea strength of the United Nations was marshaled, and heavy damage was reported over the last week-end to a fleet of nine Japanese warships and transports. Only one of the Japanese ships is believed to have escaped unscathed, but accounts differed as to the harm inflicted upon the others. The Japanese landing force, in any event, was reported cut off from its supply line, although it may be able to subsist on the available food resources. The principal airdrome on Bali was in Japanese hands, and probably will play a major part in the fate of that island.

Notwithtsanding the defeat administered to the invaders at Bali, it was conceded at the Netherlands East Indian capital of Batavia, on Java, that the "zero hour" is at hand for the last great Dutch possession in the Western Pacific. Heavy reinforcements are said to have been poured into Java in recent days by the United Nations, and these include not only ground forces but also the vitally necessary aerial defense units. There is every indication, acordingly, of a protracted and bitter contest for the control of Java.

The ultimate threat to Australia was emphasized by repeated Japanese aerial bombings of the base at Port Darwin, which is just beginning to assume military importance. This base at the Northern tip of Australia is of much importance as a control point for the passage through Timor Strait, and doubtless will be defended to the utmost. Martial law was proclaimed at Port Darwin, to further the defense effort. Australian authorities admitted that considerable damage was caused by the Japanese bombings.

The Japanese also continued their attempts to gain control over the vast island chain eastward of the Great Sunda islands, as the Netherlands East Indies are known to the geographers. The smaller islands under Australian mandate were attacked again and again. Japanese troops likewise effected a landing on the island of Timor, which is under Dutch and Portuguese sovereignty. The Portuguese half of Timor was occupied some weeks ago by Netherlands and Australian troops, and Lisbon protested the action. A similar protest was made at Tokio by Portuguese authorities when Japanese units effected a landing.

Bataan Peninsula

American and Filipino defenders of the small portion of Luzon Island in the Philippines which still remains in our hands gave heroic accounts of themselves as the conflict with the Japanese aggressors dragged on, this week. Epic though it may be, the defense of the Bataan Peninsula seems doomed. President Roosevelt made this clear last Monday, when he pointed to the Japanese control of the area around the Philippines as the reason for our inability to send reinforcements to the men under General MacArthur.

Military experts now regard the Bataan action as a "side-show," and as a mere delaying action. Mr. Roosevelt so described it in his radio address. But reports from the front state clearly that hope of a relieving convoy is still maintained, and it is earnestly to be hoped that some assistance can be dispatched through the Japanese lines to MacArthur.

Little action on the Bataan Peninsula has developed in the last few days, possibly because the Japanese are now content to await the capitulation of our forces. There is, indeed, some apprehension to be entertained on this score, for recent accounts tell of a growing shortage of foodstuffs. It is also held possible that the Japanese are withdrawing men from the Philippines to augment their attack on the Netherlands East Indies and Burma.

Great Britain

Drastic reorganization of the British Cabinet has followed the fall of Singapore and current debates in the House of Commons presumably will answer the question whether the changes effected have allayed the uncertainty occasioned in Great Britain by the further military defeats. That sentiment in the British Isles is anything but bright and cheerful is obvious, for the losses in the Far East strike at the heart of the Empire. But there is no doubt that the average tough Briton can be depended upon to come through the ordeal.

Bowing to public demands, Prime Minister Winston Churchill began his Cabinet reconstruction last Thursday, and continued the changes early this week. He cut his War Cabinet down by dropping Lord Beaverbrook, who is to come to the United States as a special representative. As Dominions Secretary and Deputy Prime Minister he appointed Clement R. Attlee, and Sir Stafford Cripps was taken into the Government as Lord Privy Seal and leader of the House of Commons. Captain Oliver Lyttleton was named Minister of State, while Ernest Bevin remained as Minister of Labor. Captain Anthony Eden held his post of Foreign Secretary. Together with Sir John Anderson, as Lord President of the Council, this group comprises the new War Cabinet. Mr. Churchill held tenaciously to the post of Defense Minister, which provides him with powers that are indispensable as the opposite number to President Roosevelt.

In further reorganization of the Cabinet, last Monday, Mr. Churchill dropped Captain David Margesson, Secretary for War; Colonel J. T. C. Moore-Brabazon, Minister of Aircraft Production; Lord Moyne, Secretary for Colonies, and Lord Reith, Minister of Works and Public Buildings. Arthur Greenwood, Minister without portfolio, also was dismissed. Most of the changes were made in response to the clamor for removal of remaining Government heads who had a share in the appeasement period of the Chamberlain regime.

Although Prime Minister Churchill declared stoutly only a few weeks ago that he would not sacrifice any of his colleagues and would bear all blame for recent developments, he went before the House of Commons, Tuesday, and asserted that it was "right and necessary that a Government called into being in the crash of the battle of France should undergo both change and reinvigoration." He pointed to some resemblances of the new Cabinet with the 1918 regime in England, and appeared to draw hope of an unexpected victory over the Axis from the collapse which granted the Allied Powers victory in the first World War. Mr. Churchill also reviewed recent developments.

Immediate combat with Nazi forces was continued, meanwhile, through bombing of German ports and industrial centers. The weather apparently interfered with these operations, but whenever conditions permitted the British fliers dropped their deadly loads upon the Nazis. German bombing of British coastal towns also was reported, on occasion.

Likewise of significance was an understanding on lend-lease assistance, announced at the White House in Washington, Tuesday. Under this arrangement account is to be taken of reciprocal aid, but the final terms of settlement are to be such as shall not burden commerce between the two countries. An Anglo-American postwar economic arrangement was postulated which would be open to all countries of like mind and intentions. Among the specific objectives set forth in this agreement were expansion of trade, reduction of tariffs, elimination of discriminatory treatment in international commerce, and the attainment of the economic objectives set forth in the Atlantic Charter.

Red Army Anniversary

Fresh advances were claimed by Russian authorities this week, in the battle against the Nazi invaders, with the 24th anniversary of the establishment of the Red Army especially marked, Monday, by a speech in which Premier Joseph Stalin pledged the liberation of White Russia, the Ukraine and the Crimea from enemy domination. Wherever the Red Banner was flown before, it will fly again, Mr. Stalin said. He admitted, however, that the Axis enemy is not yet beaten and that a stern struggle faces the Russian people.

President Roosevelt mentioned the Russian defense in admiring terms, Monday, and Prime Minister Churchill congratulated the Russian leders on the same day. The Russians, however, reported dryly that they are fighting "alone" on their vast lines. They took no apparent notice of repeated Chinese warnings that Japan may attack Siberia if the Far Eastern defense lines against the Axis aggressors collapse.

The veil of censorship and silence was lifted only modestly, with respect to the fighting on the long battlefront in Eastern Europe this week. The vagueness of Russian claims was replaced by a specific announcement, Tuesday, that towns not far from Smolensk have been recaptured, and that some towns north of the main highway from Smolensk to Moscow also have been regained. In the course of the fierce fighting scores of thousands of Nazi troops were killed, according to the Russian official communiques, and much war material captured.

But German claims also became more specific, and the announcements in Berlin were not corroborative of the Moscow statements. German spokesmen asserted that Russian moves resulted, in the period from Jan. 1 to Feb. 20, in the capture of 56,806 prisoners and the destruction or capture of much Russian war material. The impression was given that the Russians have been permited on repeated occasions to advance into pockets, where the German "annihilated" the opposing forces.

Main defense points of the German winter line undoubtedly have been reached by the Russians, but there are no indications that such lines have been broken. Leningrad in the north remains under siege, and the pockets driven into the German lines on the central front have not dislodged the Nazis from redoubts near Moscow which the enemy obviously is determined to hold. Nor is Kharkov restored to Russian rule, or the siege of Sevastopol relieved.

The Russian winter, moreover, is now beginning to wane, and soon a large part of the front will be turned into a muddy quagmire in which neither the Russian cavalry nor the German mechanized units can operate effectively. Beyond the muddy Spring looms the pleasant Summer, in which the German forces may well regain the upper hand, if their reserves of men and equipment still are adequate. The Russian front possibly approaches a fresh crisis.

Libyan Front

Only modest activity was reported this week in the Libyan desert, where British Empire and Axis forces face each other in a region about 100 miles west of the Egyptian frontier, on ground that is indicated on the maps as Italian territory. Neither side seems anxious to extend its supply lines, since the supply problem invariably has caused the defeat of any units stretching unduly into enemy territory over the vast and empty desert. Both the British and the Axis forces unquestionably are preparing, however, for fresh moves in this vast war game.

One of the uncertainties of the conflict was emphasized, last Saturday, when Vichy reports indicated that important units of the French Fleet had been removed to Toulon, from northern African ports, for repair in the main French Mediterranean base. The battleship Dunkerque, badly damaged by British gunfire at Oran, Algeria, was the principal French ship transferred, but others also have been sent to Toulon. British and American observers are said to be watching closely the use to which the French Navy may be put. If French warships are put at the disposal of the Axis the situation admittedly will become grave.

The able German General Erwin Rommel, appears to hold the initiative in the Libyan theatre, but showed no signs this week of moving against the British lines. The impression was bolstered that Rommel has to wait upon developments in Russia, before he can move. The Germans and Italians, meanwhile, continued to pour reinforcements across the narrow Middle Sea to Tripoli and Libya, and British Empire units were supplied both from Britain and the United States. Malta was bombed incessantly by the Axis.

From Washington

(Continued from First Page)

from the OCD, makes it plain that she feels that her resignation was forced by those who are "against the working man," those who are trying to "destroy our social gains."

Now, why should she say those things even if she believed they were true? The country is at war. A lot of people are going to get hurt. Men facing the enemy are being killed. Some of it is due to the inefficiency, let's not say of the high command at Washington, but simply an erring second lieutenant in the field. War is never an efficient, well organized business. Well, these men aren't asking any questions. They are giving their lives.

It so happens that back home, Mrs. Roosevelt is controversial. Maybe wrongly so. Maybe she is greatly misunderstood. Maybe the only people criticizing her are old, backward, reactionary men who just can't see the light of progress and social gains to the working man, even when they lead to war. The point is that there are innumerable American citizens whom Mrs. Roosevelt infuriates. This being the case, why shouldn't she realize this and say to herself:

"I realize I am greatly misunderstood, I realize the attacks on me are unfair. But nevertheless they come from a large segment of the American people. Therefore, I will make a sacrifice. If the boys facing the enemy can make the sacrifice of dying, I can at least make the sacrifice of refraining from saying anything that would have the tendency to make for disunity for the duration of the war."

Why can't there be a sacrifice in high places?

Mr. Roosevelt in his speech of Monday night apparently intended to attribute all the criticism to Axis agents. He made the statement that the word was being spread that 1,000 planes had been destroyed at Honolulu. This writer has never heard any figure that high, nothing like it. Neither has this writer ever gotten any information from an Axis agent, unless the fellow is carefully disguised in high military, naval or governmental circles. One might well ask where is the FBI in ferreting these agents out of our midst.

The only people we have seen "trying to destroy the social gains" are those managers of industry who are: (1) insisting that whereas they haven't got a closed shop now, they don't under the pressure of war, want to sign up for one. (2) Those who are contending that they can't pay double time for Sundays or night work.

This writer knows personally every one of the pre-war isolationists in public life or of any place of influence in Washington. He knows of no one of them who has made a single detrimental statement against the carrying on of the war since Pearl Harbor. Mrs. Evalyn Walsh McLean, the hostess at "Friendship," the headquarters of the Cliveden set as mentioned in the Communist weekly, has never had a serious thought, if I may say so, on anything. Her guests have included everybody who has attained any prominence in National affairs, and a lot who have not. They have included, incidentally, all of the high officials of the government back to the Harding days. She gives parties, which along with those given by the Soviets, are the most eagerly sought after, because everybody in the "swim" in Washington has to "make" them to continue in the "swim."

You wonder, under the circumstances, why a publication avowedly antagonistic to the capitalistic system, admittedly just going along now as long as Russia and this country are engaged in the "common front" against Hitler, should pursue this line of stuff, and why the President of the United States should have given it a currency which it would not otherwise have had. You wonder, too, why he continually talks of appeasers, when this writer with his wide acquaintance of people of all faiths, doesn't know of a single person who today would permit of a peace with either Japan or Germany—now that the war has started.

It's funny business.

When it comes to creating confusion, I should like to call attention to a broadcast, a few days ago, by Drew Pearson, a close friend of Harold Ickes, and close to the New Deal generally—he is largely considered to be a spokesman of at least an influential group in the New Deal crowd—demanding that we seize Martinique. Pearson in his syndicated column of which he is the co-author with Robert S. Allen (the Washington Merry-Go-Round) has long been also a friend of Under-Secretary of State Sumner Welles. The belief among his colleagues is that he went so far in playing Welles against Cordell Hull that he must have been tremendously embarrassing. Welles, on an occasion several months ago, had to repudiate one of his stories in two very definte statements. Nevertheless, he has continued to be quite friendly with Pearson since and the conclusion must be that Pearson's playing him against Hull was not as embarrassing to Welles as he professed it was.

With the background of Welles and Ickes, then, it is now interesting that a Pearson demand is for the seizure of Martinique. This writer claims no such minute workings of international affairs as either Ickes, Welles or Pearson. But he has met Georges Roberts, the high commissioner of Martinique. And that gentleman, very gracious and serving a delightful rum cocktail of which he was very proud, never left any doubt that if an attack was ever made on his island there would be a fight. Presumably an attack on Martinique, not an easy walk-over, incidentally, but involving a several months blockade, would throw Vichy definitely towards the Hitler side. Maybe Vichy will go that way eventually. But every month delayed is a month in our favor.

This reminds me of the fact that Churchill did not want to precipitate any action in the Far East. One war at a time was his thought, and you can recall that Britain went so far as to close the Burma Road on one occasion to "appease" Japan.

It is unmistakably a fact that Cordell Hull didn't want war with Japan while we were doing everything within our power to help Britain to beat Hitler. But Ickes in the cabinet meetings and subsequently planting his stuff with Pearson, for several months carried on an agitation for action against Japan. Pearson, along with others, dubbed Hull an "appeaser" because of his trying to stave off this war. Manifestly, it was something that should have been deferred. The word "appeaser" was frequently hurled at Hull over a period of several months. Well, here we are. Now, let's do whatever we can to bring the French in against us.

What constitutes the Cliveden set in this country? Who?

There are more constantly recurring rumors these days that there is to be a cabinet shake-up. This writer can't dope out yet whether it is a propaganda against Frances Perkins and Jesse Jones, or whether there is really a shake-up impending. There is this thought: Mr. Roosevelt is getting to feel like a "strong" man which so many forces have been demanding. The first evidence of this was when, in the controversy between Leon Henderson and Wickard over the division of authority between them, he said succinctly that he was the boss and could fire either one of them. This rather shocked the bureaucrats. It made a profound impression on Wickard and the chances of a conflict between him and Henderson have been very slim ever since.

A few days after the momentous announcement—and it was really momentous because Mr. Roosevelt had never spoken that strongly about his subordinates before—Wickard and Henderson came to the National Press Club, in the presence of the several hundred newspapermen, for lunch.

A study in evolution of man is to watch Donald Nelson being "strong." That was never his reputation in the past. His reputation for accomplishment was that he stated his proposition, kept quiet thereafter, and let everybody sweat about it. He had a reputation for getting what he wanted but not as a "strong, forceful" man. Now he is getting to be "strong and forceful" because that is what is being written about him. It will be interesting to see how he comes out in his new role.

Discuss Chemical Research

A meeting of the American Section of the Society of Chemical Industry was held on Feb. 20 at The Chemists' Club, New York City. This was a joint meeting with the American Institute of Chemical Engineers. The Chairman, Dr. Lincoln T. Work, presided. The topic of the evening "What Is Research" was discussed from various aspects. The first speaker, Dr. Lincoln T. Work, Director of Research of the Metal and Thermit Corp., asked the question "What is Research," citing the broad definition of the term "research" as it is used today and pointing out the need for considering the many-sided activities now called research. Frank G. Breyer, of Singmaster and Breyer, discussed the question from the consultant's viewpoint, while Dr. George O. Curme, Jr., Vice President of Carbide & Carbon Chemicals Corp. dealt with the question from the industrial viewpoint, and Dr. L. W. Bass, Assistant Director of Research at Mellon Institute, discussed it from an institutional viewpoint.

Items About Banks, Trust Companies

Edwin A. Lee, President of the Maplewood Bank and Trust Co., Maplewood, N. J., and a former Vice-President of the Chase National Bank of New York, died on Feb. 15 at his home in Maplewood after a long illness. He was 72 years old. A native of Woodbridge, N. J., Mr. Lee began his banking career as a messenger with the Chase National Bank in 1889, when the bank's employees totaled about 50. He remained with the bank for the next 46 years and saw it become the largest in the world. He was appointed Assistant Cashier in 1907, Second Vice-President in 1920 and Vice-President in 1929. Mr. Lee retired from the bank in 1935 and the following year was elected President of the Maple wood Bank and Trust Co., which he helped found in 1920 and of which he had been Vice-President and a Director in the intervening years.

At the regular meeting of the Board of Directors of the National City Bank of New York, held on Feb. 17, Harry F. Bauer was appointed Assistant Cashier. Mr. Bauer, who resides in West Orange, N. J., has been associated with the bank's far eastern division since 1910.

At a meeting on Feb. 20 of the Board of Trustees of the Dime Savings Bank of Brooklyn, N. Y., Austin C. Cheshire was elected a Trustee of the Bank. Mr. Cheshire has been associated with the Dime Savings Bank for the past 25 years, and was elected Secretary in 1941. He is also a member of the Brooklyn Bankers' Club.

The Directors and officers of Sterling National Bank & Trust Company of New York announce the opening of their new bank building at 95-38 Queens Boulevard, Queens, Long Island, New York, on March 3, from 9 a.m. to 9 p.m.

The Lincoln-Alliance Bank & Trust Co., Rochester, N. Y., announced on Feb. 6 a stock dividend of $200,000 to holders of common stock. The Rochester "Times Union" reports that according to Raymond N. Ball, President of the bank, the $200,000 total stock dividend will be transferred to the capital account from the undivided profit account. He added that the bank will mail to each of the holders of the 140,000 shares issued on Feb. 11 one share of new stock for each 14 shares of common stock held as of Feb. 6. Mr. Ball further said:

> Total capital funds of the company were reported as $8,765,000 as of Dec. 31, 1941. The stock dividend, just declared, will not change this total in that the increase in common capital account from $2,800,000 to $3,000,000 was effected by a transfer of $200,000 from the undivided profits account.
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> The trust company has shown steady progress in building up its capital fund account since 1934, when common capital, surplus and undivided profits totaled $2,517,417, in comparison with $5,800,000 for these same items as of Dec. 31, 1941.
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> In addition, on Dec. 31, 1941, the capital funds of the company included $2,000,000 in preferred stock and $965,000 reserve for contingencies, making up a total of $8,765,000 in capital fund account.

Abram Mosler, President of the Half Dime Savings Bank of Orange, N. J., announces that the Board of Managers of the bank have appointed George H. McBride as Treasurer to succeed Frederick G. Burkardt, who is about to retire after having served 42 years. While Mr. Burkardt's retirement will terminate his active participation in the affairs of the bank he will continue as a member of the Board of Managers, to which he was elected in March, 1938. Mr. McBride has recently been engaged in the investment banking business, and is at present with Kidder, Peabody & Co., 17 Wall St., New York City.

Parker S. Williams, Chairman of the Board and former President of Provident Trust Company of Philadelphia, died on Feb. 21; he was 68 years of age. Mr. Williams, who was born in Philadelphia, was admitted to the Philadelphia bar in 1898, and the following year became junior partner in the law firm of Innes & Williams. The senior member, Reginald H. Innes, died in 1908, and Mr. Williams, two years later joined Charles Sinkler, Judge of the Orphans Court of Philadelphia, forming the firm of Williams & Sinkler.

The Philadelphia "Inquirer" also states:

> Mr. Williams' banking career began in 1915, when he became a Director of the Provident Life and Trust Co. In 1928 he was elected to succeed the late J. Barton Townsend as President. He served until 1938, when he was elected Chairman of the Board.
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> Mr. Williams also was a Director of the Provident Mutual Life Insurance Co., the Philadelphia Saving Fund Society, the Central-Penn National Bank, the Westmoreland Coal Co. and the Lehigh Coal and Navigation Co., among other concerns.
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> He was a member of the Pennsylvania Banking Association, the Pennsylvania State and American Bar Associations, etc.

John D. Ames, editor and publisher of the "Chicago Journal of Commerce," has been elected President of the Industrial National Bank of Chicago, according to an announcement made by the bank on Feb. 18. Mr. Ames succeeds Calvin Fentress, who becomes Chairman of the Executive Committee of the bank. The announcement states:

> John Ames, who has been a director of the bank for a number of years, will assume the Presidency of the Industrial National Bank and, at the same time, will continue his active management of the "Chicago Journal of Commerce." Mr. Ames, a graduate of Princeton and a resident of Winnetka, is Director of The Murray Corporation of Detroit and is prominent in many civic and community organizations. He is a member of the Executive Council of the Boy Scouts of America and serves on the Budget Committee of the Community Fund of Chicago.
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> Mr. Fentress, who is President and Chairman of Baker, Fentress & Co., served as President of the Personal Loan & Savings Bank and was instrumental in effecting its conversion into the Industrial National Bank in December, 1940. Joseph E. Otis, Chairman of the Board, and the other officers of the bank were re-elected.

The O'Bannon Banking Company, Buffalo, Mo., became a member of the Federal Reserve Bank of St. Louis on Feb. 16, it was announced by the Reserve Bank. The new member was started by J. P. O'Bannon as a private bank in 1899, and became a State chartered institution on Nov. 20, 1905. It has a capital of $32,500, surplus of $27,500 and total resources of $827,641. Its officers are: W. C. Hawkins, President; W. H. Nelson and Fred Myers, Vice-Presidents; Phill H. Hawkins, Cashier, and W. C. Hawkins, Jr., and Helen M. Johnson, Assistant Cashiers. The addition of the O'Bannon Banking Company brings the total membership of the Federal Reserve Bank of St. Louis to 439. These member banks hold 75% of the deposits of all commercial banks in the St. Louis district.

At the recent annual meeting of stockholders of the Barnet National Bank of Jacksonville, Jacksonville, Fla., all directors and officers were re-elected. In addition, Henry W. Rose and Olin E. Watts were made directors and B. V. Hanes was made an Assistant Cashier. During the year 1941 the bank declared total dividends of $8 per share. The bank's total capital account on Dec. 31, 1941, was $3,515,991, consisting of $1,500,000 common stock, $1,500,000 surplus, $284,544 undivided profits and $231,447 surplus reserves. Total resources of the bank on that date were $40,497,274 and total deposits $36,722,663.

John N. Edlefsen, one of the senior Vice-Presidents of the United States National Bank of Portland, Ore., died suddenly on Feb. 13. Born in Germany on Sept. 1, 1882, Mr. Edlefsen came to this country at the age of 23, where he engaged in the exporting and importing business in New York for a year before he came to Portland in 1906. As to his activities there the Portland, Oregon "Journal" of Feb. 13 said:

> Here Mr. Edlefsen was employed by the old Peninsula State Bank at St. Johns which was later nationalized as the Peninsula National. He became, in turn, Assistant Cashier, Cashier and President. He was head of the bank when it was purchased by the West Coast National. Mr. Edlefsen became a Vice-President of the United States National when the West Coast was merged with the larger bank in 1930. Mr. Edlefsen was an organizer and senior Vice-President of the West Coast institution.
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> Mr. Edlefsen was President of the Community Chest drive last year, an unusually successful one, and in the recent Red Cross war fund drive. He was one of the first presidents of the Portland Junior Symphony Orchestra. He had served as President of the Oregon Bankers Association and of the Portland Clearing House Association.
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> He was a member of the Executive Council of the American Bankers Association, was on the Community Chest Board for several years, a Director of the Chamber of Commerce and Treasurer of the Pacific International Livestock Exposition.

The Real Estate Trust Co. of Philadelphia had net earnings from operations in 1941 of $34,597, it was reported to stockholders by Samuel F. Houston, President, at the recent annual meeting. These earnings, before charge-offs but after deducting all expenses, and not including profits on sales of securities or recoveries, amounted to $1.15 on a share basis, which compared with $1.90 for the preceding year. The net changes in the undivided profits account during the year are summarized as follows: undivided profits on Jan. 1, 1941, totaled $365,965, to which should be added $253,096—the earnings for 1941—giving a total of $619,061, and from this amount should be deducted $84,458—net transfer to reserves—leaving undivided profits on Dec. 31, 1941, at $534,602. The capital and surplus are given as $1,500,000 each. Mr. Houston says in his report that the inherent soundness of the trust company was improved during the past year.

Demand For Closed Shop In War Industries Threatens Production, National Safety Says NAM

Continued demand for the "closed shop" in war industries is a definite threat to maximum production and national safety, the National Association of Manufacturers warned in a statement issued on Feb. 23. The warning came on the eve of the War Labor Board's hearings beginning in Washington, D. C., on Feb. 24 in the case of the CIO against the "Little Steel" companies. The Association emphasized that 34 of the 65 cases pending before the Board on Feb. 16 involved the "closed shop" or one of its variants—"union shop," "maintenance of membership," "union security" and others. "In any event, what in the name of Victory has the 'closed shop' to do with production?" the Association asked. The Association went on to say:

> "It has *nothing* to do with production—but it is a way to non-production. The best assurance of maximum production for victory is an open shop where any competent patriotic citizen can work for his country regardless of whether he or she holds a union card. Common sense dictates a moratorium for the duration on this 'closed shop' issue.
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> "War has imposed on industry major responsibility for producing the weapons so sorely needed on fronts around the world. It is no time to erect new artificial restrictions to impede that production. Neither is it any time for manufacturers to sit supinely in their offices and see such restrictions being raised. Any blame for failure to produce in this crisis will be laid squarely and solely at the door of management. The public will support management in its refusal to accept restrictions from any source on wartime production.
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> "The managers of industry have an obligation to their country and they owe it to themselves to tell the Congress and the War Labor Board in no uncertain terms that the 'closed shop' may well throttle this country's only hope for victory—all-out production. France thought to fight two wars at once—one among themselves and one with the enemy. France fell. The closed shop can be the downfall of America!"

The Association's statement, released in its Weekly "News Letter" to its members said in part:

> Nearly 80% of the American people as a whole, and even a majority of the workers themselves including union members, are opposed to the closed shop. The President of the United States has said that this now-embattled government will not borrow the tactics of a Hitler to clamp the closed shop on workers.
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> And yet, 34 out of the 65 cases pending before the War Labor Board (through Feb. 16) are being fought by the unions over this very issue or one of its variant forms. . . .
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> If the closed shop is forced upon the steel industry, the way will be opened for the use of the same strategy to impose it on all basic war industries.
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> The trouble began when the Steel Workers Organizing Committee (CIO) demanded of Bethlehem, Republic, Inland and Youngstown Sheet and Tube companies a dollar-a-day increase and a union shop with checkoff of union dues. The companies could not agree to these demands and as a result the controversy has been referred to the WLB. The Board must decide whether the closed shop will be imposed on the steel industry and whether new wage demands will be granted.
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> While opposition to the CIO wage demands has been voiced by some top Administration officials, other official sources have indicated support for the closed shop.

Labor sources in Washington said this week that William H. Davis, Chairman of the WLB, will himself offer a "maintenance of membership" clause as a compromise. This clause, around which the fight may come ultimately, was approved by the War Labor Board after its acceptance by Marshall Field & Co. and the CIO. Textile Workers Union.

The proposed compromise clause reads as follows:

> "All employees who are now members of the union or who may in the future become members will be required as a condition of employment with the company to maintain their membership in good standing during the life of this contract: provided, that this provision shall apply only to employees, who, after the consummation of this agreement, individually and voluntarily certify in writing that they authorize union dues deductions, and will, as a condition of employment, maintain their membership in the union in good standing during the life of the contract. Upon receipt of the above authorization, the Mill agrees to deduct from the weekly earnings union due in the amount of 25c per week, to be paid to the union.'

Labor's announcement of the Davis proposal brought an immediate response from three of the steel companies involved in the current dispute. They characterized the "maintenance of union membership shop" as just one more confusing name for the same old idea of a closed shop.

Thus, the WLB faces the same crisis which brought an end to the National Defense Mediation Board.

If the WLB should attempt to force the steel companies to accept this modified closed shop, all Washington is asking whether another Federal Shipbuilding incident is in the making—that is—will the government take over and operate private enterprise.

Two-Thirds Of Curb Stock Paid Dividends In 1941

Approximately two-thirds of the stock issues traded on the New York Curb Exchange paid dividends in 1941. As a result of a count just completed by the Exchange's Department of Securities, it was announced on Feb. 17 that dividends were paid on 307 or 64.49%, of the fully listed stock issues, and on 370 of those admitted to unlisted trading, or 67.64% of that group. At the end of the year there were 1,023 issues which were admitted to dealings. The 677 dividend-payers therefore made up 66.17% of the total. The announcement further said:

> These figures show an increase over the same count for 1940, when dividends were paid by 299 or 59.32% of the fully listed issues and by 361 or 63.78% of those admitted to unlisted trading privileges. Since there were 1,070 issues in all as of Dec. 31, 1940, the 660 dividend-payers for that year constituted 61.68% of the total.
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> In making this count a stock is considered a dividend-payer if it has paid some dividend during the year provided the most recent regular dividend has not been passed.